

# DAILY REPORT

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FOREIGN MINISTRY NOTES SRV CEASE-FIRE OFFER

OW110854 Beijing XINHUA in English 0844 GMT 11 Jan 84

[Text] Beijing, January 11 (XINHUA) -- The purpose of Vietnam's proposal for so called cease-fire during the Spring Festival is to cover up its armed provocations along the Sino-Vietnamese borders and its efforts to mount a new dry-season offensive in the Kampuchean theatre. This was stated by Yu Zhizhong, deputy director of the Information Department of the Ministry of Foreign Affairs, at a weekly news briefing here this afternoon. Yu Zhizhong said the tension along the Sino-Vietnamese borders is solely created by the Vietnamese side. Provided the Vietnamese side ceases its provocations, tranquility can be restored in the border areas between the two countries and inhabitants of both countries in the border areas will be able to celebrate their festival in a peaceful atmosphere. Yu Zhizhong also announced that Tang Ke, Chinese minister of petroleum industry, will lead a government delegation to attend the inauguration ceremony of President Jaime Lusinchi of Venezuela on February 2 at the invitation of the government of Venezuela. Briefing journalists on the visit by Madame Imelda Marcos, special envoy and wife of the president of the Philippines, Yu Zhizhong said this visit has helped enhance mutual understanding and contributed to the development of friendly relations and cooperation between the two countries.

RENMIN RIBAO VIEWS U.S.-SOVIET NUCLEAR TALKS

HK100946 Beijing RENMIN RIBAO in Chinese 10 Jan 84 p 7

[Report: "Will the U.S.-Soviet Nuclear Disarmament Talks Be Suspended Indefinitely?"]

[Text] In recent days, the U.S. and Soviet leaders carried out a propaganda war on the resumption of the Geneva talks, with one holding the banner of the talks and the other pouring cold water on it. But the European disarmament conference in Stockholm will still be held and the meeting between the U.S. and Soviet foreign ministers will also be held. After all this, will the Geneva talks be suspended indefinitely? According to a TANJUG report, the chancellor of the FRG, Helmut Kohl, expressed optimism on this issue. He was quoted on 8 January as saying that the disarmament talks between Washington and Moscow "were not suspended absolutely." He said that he was "optimistic and realistic" in this respect. When interviewed by an FRG radio station reporter, Kohl stressed that it is necessary for "a certain period of time to elapse" before the resumption of the talks. He also said that the meeting between the U.S. and Soviet foreign ministers at the European disarmament talks scheduled for 18 January in Stockholm seems to be particularly important. Kohl also welcomed the statement by the GDR head of state, Erich Honecker, on the need to resume a dialogue on disarmament. He said that the plan which Honecker put forward after the FRG deployed the new U.S. missiles is very interesting.

On the same day, however, in a speech delivered at the Soviet television station, Soviet political commentator Bovin still poured cold water as the Soviet leaders did. He said: "The Stockholm conference is held when Western Europe begins deploying the new U.S. missiles. This fact does not necessarily contribute to the reaching of a mutually acceptable agreement. It would be better to say the contrary." However, he said: "The conference will be held amid a complicated situation. The fact that the meeting will be held after all shows that the Helsinki course is deep-rooted. In these difficult years, a task of primary importance is to maintain and safeguard this course." This shows that the Soviet Union has taken into consideration the relaxed course of the Conference on Security and Cooperation in Europe, holding that this conference should be held. However, what people are concerned about is that if the U.S.-Soviet nuclear talks cannot be resumed and if they engage in further arms expansion, how can they start talking about relaxation?

REAGAN GREETS ZHAO ZIYANG IN WASHINGTON

OW110400 Beijing Domestic Service in Mandarin 2230 GMT 10 Jan 84

[Text] According to a report from Washington by our station's reporter (Cao Baofa) on the morning of 11 January, U.S. President Reagan held a ceremony at 1000 on 10 January -- 2300 Beijing time -- on the South Lawn of the White House to welcome Premier Zhao Ziyang on his visit to the United States. Following is his report:

[Begin recording] [Cao] This morning Premier Zhao Ziyang attended the official welcome ceremony held by President Reagan on the South Lawn of the White House. I am here on the lawn to give you an on-the-spot report on the welcome ceremony. Today is the first day of Premier Zhao Ziyang's official visit to the United States. We reporters accompanying Zhao and more than 100 American reporters arrived at the White House earlier. U.S. President and Mrs Reagan are walking out of the White House. Listeners, the car carrying Premier Zhao Ziyang has come. As soon as Premier Zhao steps out of the car, President Reagan comes forward and greets him with a handshake. We reporters are rather far from them and are not allowed to move freely, so we cannot hear what the two leaders are saying. Now Premier Zhao Ziyang, accompanied by President Reagan, walks along a red carpet to the reviewing stand. The band plays the national anthems of China and the United States. You can hear the firing of guns amid the strains of national anthems. I heard 19-gun salute. The location of the guns, which are about 100 meters away, is laden with smoke. Now Premier Zhao is reviewing the honor guard in the company of President Reagan. Then President Reagan delivers a welcome speech.

[Reagan, in English] It gives me great pleasure to welcome you, Premier Zhao, to the United States... [Reagan's remarks fade out]

[Cao] President Reagan expresses a warm welcome to Premier Zhao Ziyang. He says: Premier Zhao's visit marks the increasing trust and cooperation between the United States and China. In the past 10 years or so, relations between the United States and the People's Republic of China have developed continuously. Now we have been able to see the rich fruit for us to reap from the foresight of opening the doors to friendship between China and the United States. As far as we are concerned, we recognize the differences between our two countries, but we are willing at all times to promote, develop, and strengthen the many areas of accord in order to enhance the relations between our two countries.

President Reagan says: China is now engaged in an exciting new undertaking aimed at modernizing its economy and quadrupling its gross national product [guo min jin ji sheng chang zong zhi] by the year 2000. President Reagan adds: This strategy is deeply understood and appreciated by the American people. We welcome the opportunity to march forward shoulder to shoulder with China in this undertaking. Considerable progress has been made in the cooperation between our two sides.

President Reagan says: We have much to learn from each other. Your visit provides us with a good opportunity to continue the open and candid [kai cheng bu gong di] dialogue that embodies the new spirit between our two countries. We have many important bilateral, regional, and global questions to discuss. We share concern about many issues, particularly about the issues that concern international peace and stability.

Premier Zhao Ziyang then delivers an important speech. [Zhao] Mr President, distinguished ladies, and gentlemen: At the beginning of the new year, I bring the cordial regards and best wishes from the 1 billion Chinese people to the American people. I wish to thank President Reagan for his official invitation, which gives me an opportunity to visit a great country. [end Zhao remarks]

Premier Zhao Ziyang continues: As a goodwill envoy of the Chinese people, I am visiting your country to seek increase mutual understanding, stabilize the relations between the two countries, enhance Sino-U.S. friendship, and safeguard world peace. I think this is not only the common desire of the \_\_\_\_\_ of China and the United States but is also what people throughout the world wish to see.

Premier Zhao says: Since the establishment of diplomatic relations between China and the United States, the relations between the two countries generally have made very great progress, the friendly contacts between the peoples have increased considerably, mutual understanding has been further enhanced, and the exchanges and cooperation between the two countries have shown remarkable expansion in the political, economic, cultural, scientific and technological fields. But it should be recognized that the growth of Sino-U.S. relations is far below the level it should have attained. There have been ups and downs in the course of development, and there still exist difficulties and obstacles.

Premier Zhao says: [Zhao] China has always attached importance to its relations with the United States and hopes to see their growth. U.S. Government leaders have also more than once expressed the importance they attach to Sino-U.S. relations and hope that such relations will be stable and durable. I hold that there is such a possibility. To realize this possibility, it is necessary for both sides to show mutual respect, and for each to take into account its own and the other side's national interests in handling the problems they face. So long as both China and the United States strictly abide by the principles as confirmed by both sides in the joint communiques and perform the obligations each has undertaken, it is possible for Sino-U.S. relations to leave the jolts and uncertainties behind them and embark on a smooth path. [end Zhao remarks]

Premier Zhao Ziyang says: The present world situation is extremely turbulent and unstable. People of all countries are deeply worried about the future of the world. The United States and China, both being big countries in the world, should be aware of their heavy responsibility for the maintenance of world peace. We never construe the significance of Sino-U.S. relations as being limited to ordinary bilateral relations, but regard them as an important affair affecting the overall world situation. We stand for peace not only because China needs peace, friendship, and development but also because the people of all countries hope for peace, friendship and development. The amicable coexistence of China and the United States is a major factor in maintaining world peace and stability. So long as the people of the world take their destiny into their own hands, it will be possible to maintain world peace and prevent a new world war.

In conclusion, Premier Zhao Ziyang says: [Zhao] Mr President, on this solemn platform, I feel that the eyes of the (\$1 billion) people are focusing on us in the hope that we will contribute to the development of Sino-U.S. relations and to the cause of safeguarding world peace. We should not fall short of their expectations. I wish happiness to the people of your country. I wish that Sino-U.S. relations will develop in a steady and sustained manner. [end Zhao remarks]

After the welcoming ceremony, President Reagan accompanies Premier Zhao to the Oval Office in the White House, where the Chinese and U.S. leaders will hold 1-hour private talks. This will be followed by talks dealing with an expanded range of matters. After the conclusion of the talks, we asked Qi Huaiyuan, director of the Information Department, who participated in the talks, to brief us on them.

[Q1] This morning Premier Zhao Ziyang and President Reagan exchanged views on Sino-U.S. bilateral relations and some international issues of common interest in a friendly and earnest atmosphere. Premier Zhao Ziyang said: The Chinese Government attaches great importance to Sino-U.S. relations. Both of us are big countries with significant influence in the world. Sino-U.S. relations are concerned with the overall situation and cannot but have a significant impact on the development of world situations. Premier Zhao Ziyang said: The Chinese side hopes to see the steady and sustained development of Sino-U.S. relations. The key issue concerning whether such development is possible is the Taiwan question. Specifically, the basic obstacle concerning unstable relations between the two countries is the Taiwan Relations Act enacted by the U.S. Congress. Unless this obstacle is completely removed, cooperation between our two countries in various areas cannot help being adversely affected, and even if cooperation does develop, it would not be solid and stable.

Dwelling on the 17 August communique, Premier Zhao said: We hope to see the U.S. side make actual deeds in implementing this communique. This is of great significance in enhancing mutual trust. Premier Zhao also said: The Chinese Government is ready to achieve the peaceful reunification of the country with the most generous attitude. All issues can be solved through consultations under the prerequisite of reunifying the People's Republic of China. However, this is China's internal affair. Therefore, we cannot promise any foreign country that only peaceful means will be used.

With regard to bilateral economic, trade, and scientific and technical exchanges, Premier Zhao said: There is an enormous potential in this regard. It is hoped that both sides will exert strenuous efforts to achieve new developments in this field. He also said: Due to the different systems in the two countries, we should all the more strengthen mutual respect and mutual understanding. On U.S. relaxation of its restriction on the transfer of its technologies, Premier Zhao welcomed the idea. He hoped that such practice would be truly carried out on a solid basis. [end recording]

#### Zhao on Ties With U.S.

OW101630 Beijing XINHUA in English 1624 GMT 10 Jan 84

[Text] Washington, January 10 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that China has always attached importance to its relations with the United States and hopes to see their growth. The Chinese leader made this point in his remarks at the 30-minute welcoming ceremony presided over by U.S. President Ronald Reagan on the South Lawn of the White House this morning. He arrived here yesterday afternoon for a week-long official visit to the United States. He reiterated that the purpose of his current visit is "to seek increased mutual understanding, stabilize the relations between our two countries, enhance Sino-U.S. friendship and help to preserve world peace." "This is not only the common aspiration of the Chinese and American peoples, but also the expectation of the people of the world," he said.

Since the establishment of diplomatic relations, Sino-U.S. relations have made considerable progress. But, Zhao pointed out, "the growth of the Sino-U.S. relations is far below the level it should have attained. There have been ups and downs in the course of development, and there still exist difficulties and obstacles." "Sino-U.S. relations are now at an important juncture," he added. However, the Chinese premier said there is a possibility of developing Sino-U.S. relations on a durable and stable basis. "In order to turn the possibility into reality," he stated, "it is necessary for both sides to show mutual respect, and for each other to take into account the national interests of the other side as well as its own country in handling the problems before them."

Zhao stressed that both China and the United States should strictly abide by the principles as confirmed by both sides in their joint communiquees and perform the obligations each undertook. Stressing the importance of Sino-U.S. relations, the Chinese premier said, "We never construe the significance of Sino-U.S. relations as being limited to ordinary bilateral relations, but regard them as an important affair affecting the overall world situation." "The amicable coexistence of China and the United States is a major factor for maintaining world peace and stability," he added. The ceremony is to be followed by talks between President Reagan and Premier Zhao in the White House. The two leaders are expected to exchange views on ways to develop Sino-U.S. relations and on international issues of common interest.

#### Zhao on Maintenance of World Peace

OW101634 Beijing XINHUA in English 1627 GMT 10 Jan 84

[Text] Washington, January 10 (XINHUA) -- Chinese Premier Zhao Ziyang said here today China stands for peace "not only because China needs peace, friendship and economic development, but also because people of all countries want peace." He made these remarks at the welcoming ceremony presided over by U.S. President Ronald Reagan on the south lawn of the White House this morning. Zhao warned that the world situation is at present more turbulent. The people of all countries are deeply worried about the future of the world. But, he said, "as long as the people of the world take their destiny into their own hands, it will be possible to maintain world peace and prevent a new world war."

The Chinese leader stressed that the United States and China "should be aware of their heavy responsibility for the maintenance of world peace." "The amicable coexistence of China and the United States is a major factor for maintaining world peace and stability," he said. Premier Zhao said that the people of the world expect the two countries "to make contributions to the development of Sino-U.S. relations and to the cause of maintaining world peace. We should not disappoint them."

#### Details of Zhao White House Remarks

OW110054 Beijing XINHUA in English 0032 GMT 11 Jan 84

[Text] Washington, January 10 (XINHUA) -- Chinese Premier Zhao Ziyang told U.S. President Ronald Reagan today he hopes that relations between China and the United States will develop on a steady and durable basis. He said this as he held talks with President Reagan and ranking U.S. officials at the White House here this morning. Qi Huaiyuan, director of the information department of the Chinese Ministry of Foreign Affairs and spokesman to Premier Zhao's party disclosed to reporters that during the meeting the two leaders had an exchange of views on bilateral relations and some international issues of common interest. The talks proceeded in an atmosphere of earnestness and friendliness.

Zhao Ziyang said that the Chinese Government attaches great importance to Sino-U.S. relations. China and the United States are two powers bearing tremendous influence in the world. The state of U.S.-China relations concerns the overall world situation and it cannot but have an important influence on it. China hopes that Sino-U.S. relations can develop on a steady and sustained basis and the key to such a development is the Taiwan issue, Zhao said. To be concrete, he continued, the fundamental factor leading to the uncertainty in the relations lies in the Taiwan Relations Act passed by the U.S. Congress. If this obstacle is not completely removed, cooperation between the two countries in various fields would certainly be affected, he said. Even if there is some progress in the cooperation it can neither be solid nor steady, he added.

The Chinese Government is ready to take the most generous attitude to attain peaceful reunification. It will consider any suggestions under the prerequisite of a unified People's Republic of China. But this is China's internal affairs and it will not make any commitment to a foreign country to taking only the peaceful method in solving the Taiwan issue. Premier Zhao said he hopes to see practical U.S. actions taken to implement the Sino-U.S. joint communique of August 17, 1982. This is of vital importance to the enhancing of our mutual trust, he noted.

On bilateral economic relations and scientific and technological exchanges, Zhao said great potentials exist in this respect. He expressed the hope that such relations and exchanges will develop to a new level through joint efforts of both sides. Because of the different social systems existing between the two countries, there is all the more need for mutual respect and accommodation, he added. Premier Zhao welcomed the U.S. Government's decision to ease restrictions on technological transfer to China, pointing out that it must be truly put into effect. The talks between President Reagan and Premier Zhao were first attended by U.S. Vice President George Bush, Secretary of State George Shultz, Secretary of Defence Caspar Weinberger and Chinese Foreign Minister Wu Zueqian and Chinese Ambassador to the U.S. Zhang Wenjin. They were later joined by high-ranking officials of both sides.

SHULTZ, ZHAO GIVE TOASTS AT LUNCHEON

OW110104 Beijing XINHUA in English 0041 GMT 11 Jan 84

[Text] Washington, January 10 (XINHUA) -- U.S. Secretary of State George Shultz said here today he believes that the outlook for U.S.-China relations is promising. He made the remarks while proposing a toast at a luncheon he gave in honor of Chinese Premier Zhao Ziyang and his party. "We each know full well what we have gained from good relations and the promises they hold for the future well-being and prosperity of our peoples," he said. Shultz said that mutual trust and confidence are essential to the future well-being of the relations between the two countries. Referring to the world situation, Shultz said that the world now has many trouble spots and the United States "values the opinions and the perspective which China, as an important, independent and peaceful nation, brings to them."

In his return toast, Premier Zhao said that it is China's policy to build durable and stable friendly relations with the United States. Zhao said that he particularly appreciates Shultz's hope to see the United States and China work for long lasting and constructive relations on the basis of mutual trust. "I sincerely hope that in the second half of the decade following the establishment of diplomatic relations, Sino-U.S. ties will develop on a sound basis as our mutual understanding increases," he said.

About 200 people were invited to the luncheon. Among the Chinese guests were State Councillor and Foreign Minister Wu Xueqian; Chen Chu, deputy secretary-general of the State Council and Zhang Wenjin, Chinese ambassador to the United States. Present on the occasion were U.S. Defense Secretary Caspar Weinberger, Treasury Secretary Donald Regan, and Interior Secretary William Clark. The luncheon proceeded in an amicable atmosphere.

ZHAO SEEKS 'DURABLE, STABLE' TIES WITH U.S.

OW101934 Beijing XINHUA in English 1927 GMT 10 Jan 84

[Text] Washington, January 10 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that China hopes to build durable and stable friendly relations with the United States. The Chinese premier said this in his toast at a luncheon given in his honor by U.S. Secretary of State George Shultz. Recalling the five years since the establishment of diplomatic relations between China and the United States, Premier Zhao said: "Our two peoples have shared both joys over the smooth development of the friendly relations between our two countries and worries about the difficulties and setbacks in our relations." Zhao said that he remembered the secretary of state once said that U.S.-China relations are of great importance to the United States and that it is America's policy to strengthen and expand such relations.

"I appreciate, in particular, that you hope to see the United States and China work for a long, lasting and constructive relationship on the basis of mutual trust," he added. "It is also our policy to build durable and stable Sino-U.S. friendly relations," he said. Referring to his talks with President Ronald Reagan this morning, Premier Zhao said they showed that there are common points as well as differences between the two countries. "However," he stated, "the important thing is the desire shared by both sides to develop our relations." Premier Zhao expressed the hope that "in the second half of the decade following the establishment of diplomatic relations, Sino-U.S. ties will develop on a sound basis as our mutual understanding increases."

ZHAO, SHULTZ HOLD AFTERNOON TALKS 10 JAN

OW110158 Beijing XINHUA in English 0150 GMT 11 Jan 84

[Text] Washington, January 10 (XINHUA) -- Chinese Premier Zhao Ziyang this afternoon had talks with U.S. Secretary of State George Shultz at the Madison Hotel where the premier is staying, on the first day of his official visit to the United States. Briefing Chinese and foreign reporters after the meeting, Qi Huaiyuan, information chief of the Chinese Foreign Ministry, said that the discussions between Zhao and Shultz centered on bilateral relations and some major international issues of common concern. The discussions carried on the talks between President Reagan and Premier Zhao this morning, he added. He disclosed that the main international issues covered during the morning and afternoon sessions include the questions of Kampuchea, the Middle East and the Iran-Iraq war, the Korean peninsula situation and Sino-Soviet relations.

Among those attending the meeting from the Chinese side were Wu Xueqian, foreign minister; Chen Chu, deputy secretary general of the State Council; Zhang Wenjin, Chinese ambassador to the United States; and Gan Ziyu, vice minister of the State Planning Commission. Present from the U.S. side were Deputy Secretary of State Kenneth Dam, Under Secretary of State Lawrence Eagleburger, U.S. Ambassador to China Arthur Hummel and other senior officials. Premier Zhao also had a meeting with U.S. Secretary of Treasury Donald Reagan at the hotel this afternoon.

ZHAO, REAGAN, SHULTZ DISCUSS INTERNATIONAL EVENTS

OW110312 Beijing XINHUA in English 0259 GMT 11 Jan 84

[Text] Washington, January 10 (XINHUA) -- The main international issues Chinese Premier Zhao Ziyang discussed with U.S. President Ronald Reagan this morning and Secretary of State George Shultz this afternoon include that of Kampuchea, the Middle East and the Iran-Iraq war, the Korean peninsula situation and Sino-Soviet relations. Briefing reporters late this afternoon, Qi Huaiyuan, information chief of the Chinese Foreign Ministry, said Premier Zhao told his American hosts that China is disturbed by the new U.S.-Israeli agreement on strategic cooperation, which has aroused strong reactions among the Arab countries. Zhao stressed that the United States should fully respect the interests of the Arab and Palestinian peoples.

He expressed the hope that the Sino-Soviet relations could be normalized. In recent years, he said, there has been some improvement in those relations. However, he said, he has the impression that no progress has been made in removing the three major obstacles in the way of normalization of Sino-Soviet relations. There can be no major improvement in those relations if the three major obstacles are not removed, he emphasized. The three obstacles he mentioned are the Soviet Union's occupation of Afghanistan, support for Vietnam's occupation of Kampuchea and deployment of heavy military forces along the Sino-Soviet border and in Mongolia. Premier Zhao expressed the hope that the tension in the Korean peninsula could be relaxed. Qi told reporters that both the Chinese and American sides hoped that the Iran-Iraq war would soon end.

ZHAO LAUDS SINO-U.S. SCIENTIFIC COOPERATION

OW110230 Beijing XINHUA in English 0219 GMT 11 Jan 84

[Text] Washington, January 10 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang expressed satisfaction with the scientific and technological cooperation between China and the United States here this afternoon. At a meeting with members of the Committee on Scholarly Communication with the People's Republic of China (CSCPRC), the premier called for even better cooperation on the solid foundation which he said has already been laid. The Chinese premier thanked the committee for the great amount of work it has done to promote this cooperation. Noted scientists Frank Press, Robert White and Herbert Simon, and other CSCPRC members briefed Premier Zhao on the progress made and prospects for further cooperation in science and technology. The CSCPRC is responsible for the exchange of students and scholars between China and the United States.

WOLFOWITZ REMARKS AT PRESS BRIEFING NOTED

OW110726 Beijing XINHUA in English 0713 GMT 11 Jan 84

[Text] Washington, January 10 (XINHUA) -- President Ronald Reagan and Chinese Premier Zhao Ziyang Tuesday morning discussed a full range of international and bilateral issues including the problem of Taiwan, said a senior U.S. Government official today. Speaking at a news briefing at the White House this afternoon, Assistant Secretary of State for East Asian and Pacific Affairs Paul Wolfowitz described Zhao's two-hour-ten-minute talks with Reagan as reflecting the very positive state of Sino-U.S. relations. On the question of Taiwan, Wolfowitz said that President Reagan affirmed that the key to managing the differences is to abide by the three joint communiques issued by the two countries.

There are differences, nevertheless, he said, and the United States intends to build good relations with China and at the same time to continue to maintain unofficial relations with the people of Taiwan. "We take seriously the question of commitments to old friends ... we don't walk away from commitments of that kind and that's a governing aspect of this whole problem," he said.

Referring to China's relations with the United States, Wolfowitz said, "China is not an ally, we are not seeking an alliance." The United States will continue to have very fruitful cooperation with China on a number of international issues of great importance. "At the same time," he went on, "we recognize very clearly that strong emphasis China puts on independence and nonalignment (with either the Soviet Union or the United States-editor) in its foreign policy and that is always going to mean that on a number of issues we will differ." On arms control, Wolfowitz said that Secretary of State George Shultz made the point during the talks in the White House that the United States believes in arms control and in seeking "a constructive relationship with the Soviet Union." "The best basis for trying to reach that constructive relationship is through attending to our own strength and attending to the interests and strength of our allies and friends," he said. Wolfowitz said that the talks also dealt with the military buildup of the Soviet Union and the Kampuchea issue.

ZHAO HONORED AT WHITE HOUSE BANQUET

Zhao, Reagan Comments

0W110750 Beijing XINHUA in English 0742 GMT 11 Jan 84

[Text] Washington, January 10 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang said here tonight that a main purpose of his visit here is to explore possibilities for the furtherance of Sino-U.S. friendly relations. He said this at a state dinner given by President Ronald Reagan and Mrs. Reagan in his honor at the White House. Premier Zhao said he believes that both the Chinese and American peoples hope to see advances of their friendship through joint efforts and not the undermining of this friendship by aggravation of their differences.

The Chinese leader said that the Taiwan issue is the major difference between China and the United States. He expressed the hope that the two countries will strictly abide by the principles guiding bilateral relations jointly established in the Sino-U.S. communique so as to resolve the differences. He said that his talks here "have helped to enhance our mutual understanding," and expressed the hope that his visit and President Reagan's visit to China next April will help "promote steady and durable growth of Sino-U.S. relations" on the basis of five principles of peaceful coexistence.

President Reagan in his toast said: "Your visit gives me the opportunity to express the great value I place on the positive and expanding ties between our two countries. Our cooperation helps the well-being of both our peoples to blossom and serves the cause of world peace." Reagan said that he was "particularly pleased with the wide ranging and constructive discussions that we enjoy today. It was certainly a promising omen for the future and a positive way to begin a new year." He said that he was looking forward "to even greater cooperation in the years ahead." After the dinner, the Chinese premier, accompanied by President and Mrs. Reagan, listened to the performances of the distinguished violinist, Issac Stern, and pianist, Andrew Wolf. Stern played a Chinese tune to wish the Chinese guests a happy new year and spring festival.

## Zhao's Toast at State Dinner

OW110725 Beijing XINHUA in English 0712 GMT 11 Jan 84

["Premier Zhao's Toast at State Dinner in Washington" -- XINHUA headline]

[Text] Washington January 10 (XINHUA) -- "I sincerely hope that my visit and President Reagan's visit to China in April will help to promote steady and durable growth of Sino-U.S. relations," said Chinese Premier Zhao Ziyang here this evening. Speaking at the White House state dinner in his honour, he said that the normalization of Sino-U.S. relations five years ago brought the people of both countries great joy and had a far-reaching impact on the world situation. In the five years, he added, Sino-U.S. relations have gone through twists and turns, with advances in many fields and difficulties and obstacles cropping up along the way. "The jolts and uncertainties in Sino-U.S. relations do not serve the interests of the two peoples, nor those of world peace. We hope that this disturbing situation will soon be brought to an end," he said.

The premier expressed appreciation for President Reagan's remark that the United States and China are destined to grow stronger through cooperation, not weaker through division. "I believe that both the Chinese and American peoples hope to see advances in our friendship through joint efforts and not the undermining of our friendship by aggravation of our differences," he said. Zhao went on to say: "The Taiwan issue is the major difference between China and the United States, or in other words, the principal obstacle to the growth of Sino-U.S. relations. I hope that our two sides will strictly abide by the principles guiding our bilateral relations which we jointly established in the Sino-U.S. communique and fulfill the commitments each of us has undertaken, so that our differences may be resolved."

Turning to the turbulent world, he noted that the confrontation between the two great military blocs has become sharper, while the North-South contradictions are not yet resolved. Before the flames of one aggressive war are extinguished, those of another have started raging. This grim reality makes people worry about the future of the world. On the other hand, "it also heightens the sense of responsibility and urgency of all the peace-loving countries and people for the maintenance of world peace. China will work in concert with them to ease international tension, stop the arms race, oppose power politics and maintain peace," he emphasized.

Zhao declared that China has always opposed arms race, particularly nuclear arms race, and stands for the complete prohibition and thorough destruction of nuclear weapons. "We have long declared that China will never be the first to use nuclear weapons. We are critical of the discriminatory treaty on the nonproliferation of nuclear weapons, but we do not advocate or encourage nuclear proliferation. We do not engage in nuclear proliferation ourselves, nor do we help other countries develop nuclear weapons. We actively support all proposals that are truly helpful to realizing nuclear disarmament, terminating the nuclear arms race and eliminating the threat of nuclear war." He stressed that China, as a developing socialist country, follows an independent foreign policy. "We have always held that all countries, big or small, strong or weak, are equal and should respect one another and live in peace. We have the desire to develop friendly ties with all countries. A main purpose of my visit is to explore possibilities for the furtherance of Sino-U.S. friendly relations."

He said that his talks today with President Reagan and some of his cabinet members have helped enhance mutual understanding. Both sides have expressed the desire to further develop Sino-U.S. relations and agreed that there are great potentials for economic and technological cooperation between the two countries and that they are willing to take a positive attitude to further enhance their cooperation. "I sincerely hope that my visit and President Reagan's visit to China in April will help to promote steady and durable growth of Sino-U.S. relations on the basis of the five principles of mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit and peaceful coexistence. This will serve the interest of our two peoples and that of world peace," he concluded.

KISSINGER ARTICLE DISCUSSES ZHAO U.S. VISIT

OW110006 Beijing BEIJING REVIEW in English No. 2, 9 Jan 84 p 20

[Article by Henry Kissinger: "An Event of Historic Importance"]

[Text] The visit of the Chinese premier to the United States is an event of historic importance. He is the most senior Chinese leader with whom President (Ronald) Reagan has had an opportunity to exchange ideas. The arrival of Premier Zhao Ziyang symbolizes that over the past decade the People's Republic of China and the United States of America have found their way to a new and mature relationship.

In 1971, when the first exchanges between our two countries took place, there was -- at least on the American side -- the excitement of rediscovering an ancient and vital people. This sometimes obscured the fact that important differences, some rooted in legacies of the past, remained. As a result, for some years the two countries seemed more conscious of what divided them than of those matters on which they could move in parallel. In a third phase, both sides reassessed their positions. In recent years, the new administration in Washington, overcoming earlier preconceptions, has committed itself to a firm and close relationship with Beijing. And Beijing's new leaders, dedicated to the four modernizations, have made their own contribution to resolving differences in a realistic and far-sighted spirit.

China and the United States represent different ideologies, but they are brought together by important common interests. Both must seek to prevent -- as the Shanghai Communique (in 1972) already pointed out -- the global hegemony of any state. Both have an interest that the territorial integrity and sovereignty of nations not be violated by the arbitrary use of power. Similarly, a dynamic China achieving its four modernizations contributes to peace, stability and progress in Asia and the world. Therefore, it is also in America's interest. This is why the recent economic understandings between our two countries are so important. In short, our two countries cooperate with each other, not as a favour one does to the other, but to achieve parallel goals.

Of course, some differences of opinion will continue. No doubt the premier will express them with characteristic subtlety and listen to American views with typical courtesy. No one expects a complete identity of views. China -- as it has for thousands of years -- will pursue the course dictated by its principles and its interests. So will the United States, though it has a short history. China's friends in America are convinced that in many important areas parallel courses of action will serve the interests of both sides. The premier's visit will strengthen the prospects of cooperation and ease remaining disagreements. For all to whom close relations with China are a matter of great importance, the visit of the premier is a most auspicious event. Welcome, Mr Premier, and may you take back with you the most pleasant memories and the most fruitful spirit of friendship.

U.S. ECONOMISTS DOUBT REAGAN'S ECONOMIC PLAN

HKO91144 Beijing RENMIN RIBAO in Chinese 8 Jan 84 p 6

[ "Newsletter From America" by correspondent Zhang Liang: "The Reagan Administration's Economic 'Blueprint' and Reality" ]

[Text] Some time before the New Year commenced, the Reagan administration made known to the public predictions on the U.S. economy for the next 6 years. According to this economic 'blueprint' produced by the U.S. Government, in 1984, the growth of the GNP of the United States would be 4.5 percent after readjustment for inflation, the unemployment rate would drop to 7.8 percent, the inflation rate would be 5 percent, and the interest rate for short-term government bonds would drop to 8.5 percent. In addition, it was also predicted that in the 4 years from 1985 to 1988, an annual average growth of 4 percent in the GNP could be attained and that by the end of 1989, the unemployment rate, inflation rate, and the interest rate of short-term government bonds would drop to 5.7 percent, 3.5 percent, and 5 percent, respectively.

Recently, this reporter interviewed several noted U.S. economists. Their predictions on the 1984 U.S. economy were roughly the same as those made by the government. However, they were not as optimistic as the government about the economic growth prospects after 1984. These economists were optimistic about the 1984 U.S. economy because: First, the momentum of the recovery of the U.S. economy in 1983 was very "great." There was an average increase of 6 percent in the GNP in each quarter, the unemployment rate dropped by 2.4 percent compared with the previous year, there was a notable increase in the utilization of the capacities of the factories and in the profits of the enterprises, and the inflation rate was kept below 4 percent. The range of increase in various economic indices in recent months shows that although the economy will grow at a slower pace in 1984, it will nevertheless continue to grow. (Johnson), director of the Economic Policy Research Office of the U.S. Business Institute, has made an analogy: "The situation is like an oil tanker which is moving forward at sea; even if the engine has broken down, it will go on moving forward for some distance."

Second, society's growing demand for consumer goods will propell the U.S. economy to continue its recovery. In 1983, during Christmas, there was a lively demand and supply situation in the market and the supply of certain commodities even fell short of demand. It was estimated that the total volume of retail sales in this period increased by 13 percent compared with that in the same period in 1982 and was the greatest in 5 years. People expect that although the rate at which demands of society grow in 1984 would not be as great as that in the previous year, they will nevertheless continue to grow. This is a result of the consumers' borrowing money from the banks to buy expensive durable goods such as houses, automobiles, and household electrical appliances. On the other hand, by enforcing the tax reduction policy, the government can benefit some consumers. In addition, the reduction in the unemployment rate also implies an increase in the purchasing power of society. These are the principal factors which give impetus to the economic recovery.

Third, investment in the facilities of the enterprises has begun to go up again. U.S. NEWS & WORLD REPORT estimates that in 1983, the profits of the enterprises were greater than those in 1982 by 13.6 percent and will continue to grow in 1984. This implies that the enterprises will have more circulating funds, hence, a smaller demand for bank loans.

What the enterprises principally did was to reemploy the facilities which was left idle during the recession. By now, the utilization of the capacities of the factories has risen from 69.6 percent last year to about 80 percent. At the same time, the enterprises have begun to renew their facilities and to invest money in small expansion projects.

Although the predictions made by many economists are roughly similar to those made by the Reagan administration, it seems that they are unanimous on the opinion that the government's predictions on the economy in the 5 years following 1984 are "unrealistic" because it has not taken into consideration the potential threat posed by the great amount of federal deficits. Ma li si (7456 6849 2448), a senior fellow of the institute of international economy, told this reporter that the enterprises' demand for loans would rapidly become greater in the later part of 1984. If the deficits amount does not decrease, it is inevitable that the private enterprises and the federal government will contend for funds. Consequently, the government will be confronted with a dilemma: If it is to issue more banknotes, a more serious inflation, a decrease in the dollar exchange rate, and violent turbulences in the financial system would result. If it deflates the currency, an increase in the interest rate and the dollar exchange rate and a much more adverse balance in U.S. foreign trade would result. This not only adds to the difficulties in the U.S. economy but also seriously impedes the recovery of the economies of the United States and other Western countries. Furthermore, it adds to the financial difficulties of the countries with debts. Ma li si also pointed out that whatever methods the government adopts, the U.S. economy is going to suffer and it is possible that there would be a more persistent and serious recession.

Charles Schultze, chairman of former President Carter's Council of Economic Advisers, now senior fellow of the Brookings Institution, told this reporter that although the economic recovery this time was quite forceful and would last for a certain time, it was a "sick" recovery, the sickness of which lay in the "excessive consumption and international payments and excessively small investment." He also pointed out that the budget deficits at present had not grown to such an extent as to force the government to adopt some measures, because the high interest rates in the United States had attracted a large amount of idle capital from abroad. However, as the deficits shot up sharply, the economy in the future will suffer serious harm. Moreover, he worried that if the U.S. foreign trade deficits continued to worsen, it would possibly cause the dollar exchange rate to tumble, and thus cause the U.S. economic recovery to come to a premature end. This is not very likely, but we cannot exclude such a possibility.

In fact, the Reagan administration has also admitted the harm of the federal deficits to the development of economy. The economists here are of the opinion that out of the consideration of the political factors related to the general election, it is unlikely that the Reagan administration will cut budget deficits by means of reducing social welfare spending or increasing taxation. It is feared that it will be too late if measures to control deficits are to be adopted after Ronald Reagan is reelected president. Therefore, they universally doubt that the "rosy" economic "blueprint" drawn by the Reagan administration can become reality.

#### SENATOR SPECTER ARRIVES IN BEIJING 10 JAN

OW101930 Beijing XINHUA in English 1616 GMT 10 Jan 84

[Text] Beijing, January 10 (XINHUA) -- Chai Zemin, vice-president of the Chinese People's Institute of Foreign Affairs, met United States Senator Arlen Specter (Republican) and his party this evening. They exchanged views on issues of common concern over their dinner. The American guests arrived here this afternoon at the invitation of the Chinese institute.

XINHUA REPORTS DPRK PROPOSAL ON TRIPARTITE TALKS

OW110737 Beijing XINHUA in English 0636 GMT 11 Jan 84

[Text] Pyongyang, January 11 (XINHUA) -- The Central People's Committee and the Standing Committee of the Supreme People's Assembly of the Democratic People's Republic of Korea at a joint meeting yesterday proposed tripartite talks between the DPRK, the South Korean authorities and the United States, reported radio Pyongyang this morning. The radio said that this important proposal is aimed at opening up a new horizon for the peaceful reunification of Korea.

A press communique of the joint meeting says that the tripartite talks should discuss such problems as conclusion of a peace treaty between the DPRK and the United States and a declaration of non-aggression between the North and the South. The joint meeting has also adopted a letter to the U.S. Government and Congress and a letter to the Seoul authorities.

## PRC Support

OW111522 Beijing XINHUA in English 1459 GMT 11 Jan 84

[Text] Beijing, January 11 (XINHUA) -- A spokesman for the Chinese Foreign Ministry said here today that China actively supports the proposal of the Democratic People's Republic of Korea for holding tripartite talks between the DPRK, the South Korean authorities and the United States. He made these remarks in reply to calls from Beijing-based foreign correspondents who asked about China's comment on the proposal announced by the DPRK earlier today.

The spokesman said China held that the proposed tripartite talks could be conducive to easing tension on the Korean peninsula and promoting the peaceful reunification of North and South Korea. China adopted a positive attitude of support toward the proposed tripartite talks, he said.

TOKYO PARTY CELEBRATES PRC-JAPAN TIES, NEW YEAR

OW061554 Beijing XINHUA in English 1442 GMT 6 Jan 84

[Text] Tokyo, January 6 (XINHUA) -- About 600 Japanese gathered at Hotel New Otani here today for a cocktail party to wish further development of Japan-China friendship and economic exchanges. The party was given by Japan's Association for the Promotion of International Trade and the Japan-China Association on Economy and Trade as a new year celebration.

Addressing the party, President Toshio Doko of the Japan-China Association on Economy and Trade expressed satisfaction with the "unprecedented development" of the friendly relations and economic exchanges between the two countries in the past year. He said the Chinese leaders' visits to Japan have further enhanced such relations which, on the basis of mutual trust and long-term stability, will contribute to the prosperity of the world.

In response, Chinese Ambassador to Japan Song Zhiguang thanked the two host organizations for their positive contributions to strengthening the economic cooperation between the two countries. He also toasted to the continuous development of such relations.

Present on the occasion were Japanese economic figures and politicians Kaheita Okazaki, Yoshihiro Inayama, Shigeichi Koga, Hajime Fukuda and Syohimi Furui and Chinese Ministers Wen Chi and Ding Min and attaches Lin Liande and Xia Yunfu.

XINHUA'S XU JIATUN DISCUSSES FUTURE OF HONG KONG

HK101440 Beijing XINHUA Domestic Service in Chinese 1240 GMT 10 Jan 84

[**"Report by Hong Kong XINHUA branch": "Speech Delivered by XINHUA Hong Kong Branch Director Xu Jiatun at Senate of University of Hong Kong: 'Future and Hope'" -- hand-written]**

**[Text]** This evening, Xu Jiatun, director of the XINHUA NEWS AGENCY Hong Kong branch, attended the regular meeting of the Senate of the University of Hong Kong and its evening banquet at the invitation of the University of Hong Kong and delivered a speech entitled "Future and Hope." He was warmly welcomed.

Present at the regular meeting and evening banquet were Rayson Lisung Huang, chancellor of the University of Hong Kong, and Madame Huang, Li Zhongxian, president of the Senate, Chen Yongchang, vice president of the Senate, Gao Hanqian, secretary-general, Huang Hongfa, editor-in-chief of the senate publication, and professors and scholars of the university and some of the university's alumni, totaling more than 100 people. Li Chuwen, deputy director of the XINHUA NEWS AGENCY Hong Kong branch, and Han Li, deputy editor-in-chief, were also present for the activities.

The full text of the speech by Director Xu Jiatun is as follows:

**Future and Hope**

Speech delivered by director Xu Jiatun at the regular meeting of the Senate of the University of Hong Kong

All professors, experts, ladies, and gentlemen:

The University of Hong Kong is a famous institution of higher learning with a long history. In the 70-odd years since its founding, it has trained large numbers of qualified personnel and made great achievements in such fields as academic research, thus making tremendous contributions to the progress and prosperity of Hong Kong society. I feel very happy tonight to attend your regular meeting at the invitation of your Senate.

Among the alumni of this university, some are famous scholars and professors and others are experts and specialists working in various posts in Hong Kong society. It is appropriate to say that you have a close study and keen insight of the developments of Hong Kong society. We wish to consult you more frequently in the future in this regard. Today, I would like to discuss my personal views on the questions of Hong Kong's future and of the role of intellectuals in Hong Kong.

At present, Hong Kong is faced with a historical change, which is mainly characterized by the fact that our country will reexercise sovereignty over the entire Hong Kong region in 1997 and will maintain Hong Kong's stability and prosperity. This is an established principle and unshakeable position of our government. Over the past year or so, our government and leaders have repeatedly expounded our principles and policies for recovering sovereignty over Hong Kong. These principles and policies have been understood and accepted by more and more people. In the main, they include the following points: After China recovers sovereignty over Hong Kong, a special administrative zone will be established in Hong Kong according to Article 31 of the Constitution, and the special administrative zone will be governed by a government composed of local people according to the fundamental law; civil servants and police officers of Chinese and foreign nationalities in all departments of the former Hong Kong Government can be employed; the special administrative zone will have a high degree of autonomy and independent judicial powers and final judgment powers; the existing socioeconomic system will remain unchanged; the existing laws will basically remain unchanged; the status of a free port and an international financial center will be kept intact and the Hong Kong currency will be

circulated and freely exchanged as usual; the residents will enjoy freedom of speech, press, assembly, association, correspondence, and entering and leaving the zone; the economic interests of Britain and other countries in Hong Kong will be taken into account; the special administrative zone will be authorized to maintain and develop economic and cultural relations with other countries and relevant international organizations and to handle on its own the issuance of travel documents for entering and leaving Hong Kong; the government of the special administrative zone will be responsible for the maintenance of law and order in Hong Kong; and so forth.

This range of principles and policies is based on Hong Kong's history and reality rather than on wishful thinking. They serve the objective of accomplishing the grand cause of reunifying the motherland and serve the needs of our country's socialist modernization. They are drawn up for the purpose of winning extensive international and domestic support and of maintaining Hong Kong's stability and prosperity and on the basis of respecting the wish of the great majority of people in Hong Kong. In other words, they are formulated on the basis of respecting history and reality and taking into account the interests of all parties concerned in Hong Kong.

This range of principles and policies are not expedient measures; instead, they represent a long-term strategic decision made on the basis of taking into account all relevant factors. It is for this reason that we have decided that the existing capitalist system in Hong Kong will remain unchanged for another 50 years after we recover sovereignty over Hong Kong in 1997. As we all know, there are more than 13 years from the present to 1997, which is a transition period. By adding another 50 years to the 13 years, then we will have more than 60 years of time, or more than one-half century. If we calculate by a man's life span, this is a matter involving two or even three generations, including our present generation. This means that over a long period, people can fully conduct economic and cultural exchanges between Hong Kong and the interior, between China and other countries, and between East and West, so as to help supply each other's needs and seek common development. This not only conforms to our country's national conditions, but has also taken into account to the maximum the wish of compatriots in Hong Kong.

This range of principles and policies was not worked out by a small number of leaders; instead, it is formulated on the basis of prolonged and repeated investigations and studies and through the deliberations of the CPC central leadership and the State Council. In the course of formulating these principles and policies, reasonable and constructive ideas put forward by all circles in Hong Kong have also have adopted. Therefore, they are broadly representative, realistic, and feasible.

This set of principles and policies will definitely be written into the law and publicly promulgated and thus constitute what we all know as the fundamental law of the Hong Kong special administrative zone that will be formulated in the future. We are going to organize the writing of the first draft of this law on the basis of soliciting the opinions of Hong Kong compatriots in a widespread manner and then giving this draft to Hong Kong compatriots for discussion. Through democratic procedures, Hong Kong compatriots will put forward their opinions on the revision of this draft. After the revision, the draft will be submitted to the NPC for formal promulgation and implementation. The formulation of the fundamental law will take a relatively long time to complete because of these democratic procedures. This fundamental law will give Hong Kong very great power of autonomy and enable the future special administrative zone government to independently handle various affairs within the scope of this law.

As everyone knows, since the 3d Plenary Session of the 11th CPC Central Committee, we have reestablished the ideological line of seeking truth from facts, fixed a political line of wholeheartedly pursuing the four modernizations, and formulated a set of important policies on the construction of socialism with distinguished Chinese features, opening up to the outside world, and enlivening our domestic economy. Our principles and policies concerning the Hong Kong issue vividly embody the line of the 3d Plenary Session of the 11th CPC Central Committee.

Because we have implemented a correct line there has been a marked change in the domestic situation at home. The people of various nationalities in our country have made significant achievements in their cause of creating a new prospect for the socialist modernization. The political situation has become increasingly stable and united and the economic situation has been much better than expected. The year 1983 was the third year in which our country carried out its Sixth 5-Year Plan. In that year, we fulfilled and overfulfilled the targets for our gross industrial and agricultural output value for 1985, as is stipulated by the Sixth 5-Year Plan. The rapid development of our country's economy proves that we have already embarked on a route of revitalization. As CPC Central Committee Advisory Commission Chairman Dèng Xiaoping said not long ago when he met well-known U.S. physicist Yang Chen Ning, a professor in the Sigma Office of the State University of New York: Through 5 years of practice, China's policies regarding its economic development have already been proved effective and this proved that our path is correct. He also said that according to the experiences gained in recent years, it was very hopeful too that China would achieve the struggle goal put forth by the 12th CPC National Congress for the quadrupling of our gross annual industrial and agricultural output value by the end of this century.

The motherland's future is bright and so is Hong Kong's. As the Sino-British talks continue to make progress and as the motherland's economy rapidly develops and provides positive aids to Hong Kong, Hong Kong's future stability and prosperity will certainly be realized. Of course, the decisive factor is still the common efforts made by Hong Kong compatriots and people of all circles. We are fully confident that the Hong Kong compatriots have creative capability and management ability. Hong Kong's past has fully proved that the Hong Kong compatriots have already made marked achievements through their diligence and wisdom. In the future historical conditions whereby they become the masters, they will surely make greater, newer, and better achievements. We are full of confidence in Hong Kong's future.

Ladies and gentlemen, I am pleased to see that in the face of this historical turning point in Hong Kong, many intellectuals in Hong Kong have already been going to the head of the class and played the role of forerunners. This is praiseworthy.

Our party has always respected and relied on the intellectuals, and only made an error at one certain stage. However, since the 3d Plenary Session of the 11th CPC Central Committee, the party has brought order out of chaos, and reestablished a correct concept in dealing with knowledge and intellectuals. We deeply realize that to go in for modernization and to build socialist material civilization and spiritual civilization, we cannot be divorced from the intellectuals. Intellectuals with learning and expertise are our main hope for China's scientific and cultural development as well as for economic revitalization. Hong Kong is a highly developed capitalist society, and without modern science and technology as well as scientific management, and without various professionals working in a dedicated manner to the best of their ability, maintaining prosperity will become an empty phrase.

This also applies to cultural education as well as other social undertakings. After 1997, Hong Kong will be administered by the Hong Kong people themselves, and we can even less dispense with intellectuals. We should say, we must mainly rely on the intellectuals. The intellectuals of Hong Kong made important contributions to social and economic prosperity, and they will do more worthwhile work and make greater contributions in the future. As I have said before, the future development of Hong Kong must mainly be decided by the Hong Kong residents themselves, and the intellectual circles are the mainstay of the residents. They will have plenty of room to give full play to their ability and aspirations in the days to come. The people of the motherland and the compatriots of Hong Kong have placed great trust and hope on the broad masses of intellectuals in Hong Kong, and I have no doubt whatsoever that they will be worthy of that great trust and hope.

From time immemorial numerous famous people with lofty ideals have appeared in the Chinese nation. They warmly loved the motherland, sought truth, did not hesitate to sacrifice their all, and left behind an extremely valuable historical legacy.

Qu Yuan, the earliest great poet in ancient China, used his immortal poem to express his concern for the country and the people. "I received my instruction and will not move, I was born in the southern part of the country. Deeply resolute and difficult to move, I have but one aspiration." This expressed his constant devotion and patriotic feeling. He was a great poet, but he was first of all a great patriot. For thousands of years, he all along received the respect and fond memory of people of various nationalities in China as well as universal love and esteem from people throughout the world.

The intellectuals of Hong Kong also have a glorious tradition. The great democratic revolutionary Sun Yat-sen, who graduated from the College of Western Medicine, the predecessor of the College of Medicine of the University of Hong Kong, had for a long time used Hong Kong as one of his main bases of activities, and he also received the support of many intellectuals in Hong Kong. Since the 20th century, there were also many more intellectuals of Hong Kong who dedicated their lives to the revolutionary cause of the motherland. For the sake of carrying forward the glorious tradition of the martyrs, and following their footsteps, the younger generation of intellectuals in Hong Kong have rushed to join the ranks of the patriots. They have showed concern for the future of the motherland and social progress, showed concern for the future of Hong Kong and social progress, and developed many useful activities. This is an extremely gratifying sign.

An important spirit imbued in the patriotic traditions is to link the future of individuals with the future of the country and the nation. Only those who link the future of individuals with the future of the country and the nation are the people who really have a future. In his speech to the 11th group of graduates given while revisiting the University of Hong Kong on 20 February 1923, Mr Sun Yat-sen encouraged his schoolmates to show concern for and to take part in the construction of the motherland. He held that only by building the country well "can our duties end and can our desires be fulfilled." The enthusiasm to attach importance to the interests of the country and the nation fills the speech. Dr Rayson Lisung Huang, the chancellor of your university, recently said: Hong Kong is a Chinese territory and the service rendered to Hong Kong by the students of the University of Hong Kong is also service rendered to China. It is necessary to call on the schoolmates to show concern for the future of Hong Kong and to understand their social responsibility. He combined the motherland, Hong Kong, and individuals into one and expressed the expectations of the patriotic intellectuals of the older generation on the youths. I express my deep admiration for this.

I hope that the intellectuals in Hong Kong will carry forward the patriotic traditions as in the past, and will do what they are good at and what they know. Through their practical work, they will contribute toward achieving the great cause of the unification of the motherland, toward successfully accomplishing the historical change of Hong Kong, toward maintaining the stability and prosperity of Hong Kong, and toward the four modernizations of the motherland. At present, it is hoped that you will fervently take part in the deliberation and discussion of the basic law of the Hong Kong special administrative zone. It is particularly hoped that all present here who have enjoyed great prestige in Hong Kong cultural and educational circles will play an active and leading part in this discussion.

Before the conclusion of my brief speech, allow me to wholeheartedly wish success to the regular meeting of the Senate of the University of Hong Kong and to wish that the colleagues of the University of Hong Kong will achieve good results in teaching, scientific research, and other aspects.

Thank you.

#### FIRST FUZHOU-HONG KONG BUS SERVICE BEGINS

OW101110 Beijing XINHUA in English 1039 GMT 10 Jan 84

[Text] Fuzhou, January 10 (XINHUA) -- The first direct bus service between Fuzhou, capital of Fujian Province, and Hong Kong opened here today.

The route covers about 1,000 kilometers and takes a passenger coach about 20 hours. Three services will be run in opposite direction every week.

The bus service is run by the Fujian-Hong Kong Motor Vehicle Transportation Corporation, the first joint venture in transportation on the mainland established by the Fuzhou Tourist Company, the Hong Kong Dasing Development Company, the Fujian Foreign Trade Transportation Company and the Fujian Motor Vehicle Transportation Company.

The joint venture started container shipping service in August 1982.

#### DEATH OF LAOS' SOUVANNA PHOUAMA REPORTED

OW101616 Beijing XINHUA in English 1600 GMT 10 Jan 84

[Text] Beijing, January 10 (XINHUA) -- Souvanna Phouma, adviser to the Council of Ministers of Laos, died at the age of 83 at his residence in Vientiane today, said reports from Bangkok quoting Lao official sources.

Phouma was Laotian prime minister in several governments before he became adviser to the Council of Ministers in 1975 when the Lao People's Republic was founded.

An official announcement said Phouma died in early morning after years of declining health.

RENMIN RIBAO ON ISRAEL'S 'SAVAGE PROVOCATION'

HK061230 Beijing RENMIN RIBAO in Chinese 6 Jan 84 p 6

["Short" commentary: "Savage Provocations"]

[Text] On 3 and 4 January, waves of Israeli warplanes bombed PLO bases to the east of Beirut and Syrian positions in the Al-Biq'a' valley in northern Lebanon, causing hundreds of casualties. This is a new military provocation against the Arab people at the start of 1984 and is another debt of blood incurred at the expense of the Arab people. The Chinese people strongly denounce this savage provocation by Israel.

Israel has been escalating its aggressive moves in Lebanon. A month ago, Israel, along with the United States, carried out repeated large-scale air raids on Syrian positions in Lebanon. Of late, the Israeli Air Force has put on a show of force for Syrian troops by staging what it termed "maneuvers" in eastern and southern Lebanon, with the deliberate aim of creating an atmosphere of war. At the same time, Israeli aggressive troops flagrantly blockaded the Al-'Awwali River, cut off Lebanon's north-south traffic, and mounted a bloody suppression of the resistance struggle of the Lebanese people in the south, and now inflame new provocations against PLO fighters and Syrian troops. All these are signs that Israel, after tightening its grip on southern Lebanon, is expanding its aggression in Lebanon step by step in a planned way, thus creating new obstacles in the road to a peaceful solution to the Lebanon issue and the Middle East issue.

For the time being, the PLO struggle has entered a difficult stage because of internal divisions, and the situation in Lebanon remains chaotic. It is in this context that Israel, with the strong backing of the United States, is unscrupulously pushing ahead its aggressive and bellicose policy in a vain attempt to smother the just struggles of the Palestinian and Arab peoples. However, the long-tested Arab people will not allow such actions to scare them. In the face of such a grim situation, they will surely close ranks and heighten their vigilance to stop new Israeli military adventures in the Middle East.

WU XUEQIAN ATTENDS TUNISIAN ENVOY'S BANQUET

OW051526 Beijing XINHUA in English 1441 GMT 5 Jan 84

[Text] Beijing, January 5 (XINHUA) -- Ridha Bachbaouab, Tunisian ambassador to China, and Mrs Bachbaouab gave a banquet at the embassy here this evening to celebrate the 20th anniversary of the establishment of diplomatic relations between Tunisia and China. Among the guests were Wu Xueqian, state councillor and minister of foreign affairs, and leading members of other government departments, the Chinese People's Association for Friendship with Foreign Countries and the Islamic Association of China. In his toast, Ambassador Bachbaouab expressed the satisfaction with the development of the relations between the two countries in the past 20 years, saying that such relations have been established on a good and solid basis. He said he hoped that the friendship and cooperation would be further enhanced on the basis of the four principles put forward by Chinese Premier Zhao Ziyang during his trip to African countries. Wu Xueqian said in the past 20 years the Sino-Tunisian relations have been expanded to more fields, thanks to the concern of the two leaders of China and Tunisia. With the common efforts of the two countries, he said, new progress would be made in the Sino-Tunisian friendship and cooperation.

BAN YUE TAN COMMENTATOR ON 1984 TASKS, ATTITUDES

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["Full text" of BAN YUE TAN commentator's article: "'Prospects for 1984' -- Carried by the Journal in its First Issue of This Year, Dated 10 January 1984" -- XINHUA headline]

[Text] Beijing, 10 Jan (XINHUA) -- While celebrating the victories of the past year, people invariably give much thought to the new tasks they face in the new year and what mental attitude they should adopt in creating a new situation in 1984.

In looking forward to the new year, we should not forget to create a new situation, nor should we forget the magnificent goal put forward by the 12th CPC National Congress. That congress called on the whole party and the people throughout the country to quadruple the gross annual value of the country's industrial and agricultural production by the turn of the century and bring about a fundamental turn for the better in 5 years in the country's financial and economic situation, in the party's style, and in the standards of social conduct.

The year 1984, which has just begun, is a crucial year for us to bring about a fundamental turn for the better in those matters. Central leading comrades have admonished us that we should not forget to create a new situation although the task for this year is arduous and manifold. The basic purpose of our current party rectification, our campaign to eliminate spiritual pollution and strike at serious fields of work, is to realize the strategic goal put forward by the 12th CPC Congress. Only when this purpose is understood, can we be soberminded, take a broad and long-term view, and valiantly press forward.

What new tasks are we facing in 1984? The answer is:

1. Party rectification will be unfolded step by step in the new year; the broad masses are watching this. Whether or not a good job can be done in party rectification in the central and top provincial levels will have a far-reaching impact on the whole party. All party members should brace up, conscientiously study the documents on party rectification as required by the party Central Committee's plan, raise their political awareness, earnestly conduct criticism and self-criticism, and rectify party organizations while correcting their misdeeds. This will guarantee that good results are obtained in the first year of the current party rectification and boost the people's confidence in our party and in the modernization drive.
2. After the administrative reform of leading organizations at the provincial and prefectural (city) levels is done, the task of streamlining the leading bodies of more than 2,000 counties in the country will be fully under way. This process is aimed at simplifying organizations, overcoming bureaucracy, and improving work efficiency while bringing up leading cadres who are more revolutionary, better educated, professionally more competent, and younger in average age. This is a task of great importance and must be done in real earnest.
3. We should promote socialist spiritual civilization and bring about a fundamental turn for the better in the standards of social conduct. Our public security and social order have obviously improved since we began to strike at serious criminal activities. In the new year, we should continue to deal blows to all kinds of criminal offenders who do serious harm to public security. At the same time it is necessary to carry out an in-depth education in "five stresses, four beauties, and three ardent loves" among the broad masses, unfold "the revitalizing China reading campaign," imbue them with revolutionary traditions, and commend advanced people who have distinguished themselves in winning glory for the socialist motherland or in advancing socialist modernization.

On the ideological front, we should eliminate and prevent spiritual pollution, stir up the broad masses' patriotic enthusiasm, and enhance their communist consciousness so that the standards of social conduct in our society will require everyone to work hard for the prosperity of the country.

4. The historic torrent of developing rural commodity production will surge forward mightily in this year. We should further improve the contracting system which has been operating on the basis of the household and which links payment to output. We should vigorously develop all types of specialized households, raise the level of peasant household production management, and improve their economic results so that these households will be able to provide more commodities to the state. To develop commodity production in the countryside, the commercial, scientific and technological, transport, and education departments and industries supporting agriculture should do as much as they can to serve production work. Aside from doing farming work, peasants are required to make full use of hilly and grassland areas as well as the waterfronts where great quantities of supplies such as meat, eggs, milk, and poultry are hidden in reserve, waiting for people to exploit them.

5. Operating on the basis of achievements already attained in economic readjustment, industry should continue to grasp the central link of raising economic results. As a result of the changes in low-priced raw materials and agricultural products and in cheap labor supply, all industrial enterprises are facing new challenges. There has been a tendency in many enterprises for expenditures to grow, production costs to rise, and profits to be reduced. Under these circumstances, the only way out is to improve their economic results. To do that, it is imperative to raise the quality of our enterprises. This requires the enterprises to emphasize developing education, improve management, carry out technological reform, reduce consumption, and improve product quality. The overall consolidation of enterprises will continue this year. The purpose of enterprise consolidation is to improve the quality of all enterprises and raise their economic results in order to contribute more to the four modernizations. Enterprises suffering deficits should double their efforts to get out of the red and increase income.

6. It is necessary to guarantee a good job in the construction of key projects which focus on the development of the energy and transport industries; this is where the fundamental interest of the country's people lies. Our country still has financial difficulties and it must use its limited financial power where it is needed most. We must control the scope of general capital construction projects and control our consumption funds. Our people's livelihood should be improved; but our national strength and the people's long-term interests do not permit this to be done quickly. We cannot increase consumption by reducing accumulation. We must understand and firmly keep in mind the reason to "first, feed the people and second, build the country" and use this reasoning to guide construction and the people's daily life. Workers must display a sense of responsibility of their being the country's masters, take the overall situation into consideration, demonstrate the Yanan spirit, build enterprises through arduous effort, do their own work well, and make new contributions to realizing the magnificent goal spelled out by the 12th CPC National Congress.

7. In the new year, we will firmly adhere to the policy of opening up the outside world and enlivening the domestic economy. It is important to everyone that our production should grow, the economy should prosper, and the market should be stabilized. All state, collective, and individual commercial enterprises must strive to improve management, promote supply and marketing, and enliven circulation channels. State commercial enterprises should play a leading role in stabilizing the domestic market and enlivening the national economy.

8. The only way to revitalize the economy is by technological improvement. Our economic construction and scientific and technological undertakings should be based on the current situation and carry out current work well. They are required to have a broad and long-term view and understand the new trends of world economic development and worldwide advances in science and technology in order that lessons can be learned from those trends in the interest of promoting our work. We should conscientiously implement the party Central Committee's strategic principle that economic construction must rely on science and technology which in turn must be directed to serve production and construction. Foreign countries consider the future technological revolution "a knowledge revolution." We must attach great importance to education development, step up training of competent personnel, and consider it a long-time plan for 100 years to come.

We must have a new mental attitude toward the year 1984. Aim high; don't waste time! Let us emulate each other, vying with each other for improvement and achievement in the new year!

#### MAO'S THEORY ON BUILDING CHINESE SOCIALISM DISCUSSED

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[Article by Huang Daqiang: "The Theoretical Basis for Building Socialism with Chinese Characteristics -- In Commemoration of the 90th Anniversary of Comrade Mao Zedong's Birthday"]

[Text] "The 10 Major Relationships" expounded by Comrade Mao Zedong at the enlarged meeting of the Political Bureau of the CPC Central Committee on 25 April 1956 represents an important article in combining Marxist-Leninist universal truth on the socialist construction in China. This article has served as a theoretical basis for us in building socialism with Chinese features. In order to implement the line, principles, and policies of the 12th CPC National Congress more consciously and resolutely and realize still better the grander tasks put forth by Comrade Deng Xiaoping for the building of the socialism with Chinese features, it is imperative to conscientiously study this article.

#### Guiding Ideology for Socialist Construction

Beginning at the end of 1955, Comrade Liu Shaoqi listened on a number of occasions to the reports of several industrial departments. And beginning in February 1956, Comrade Mao Zedong listened for 1 and 1/2 months to reports by 34 departments. On this basis, the Political Bureau of the CPC Central Committee carried out discussions on many occasions while Comrade Mao Zedong was responsible for making concentrated summarizing. All these efforts resulted in the emergence of the "the 10 major relationships."

We experienced a tortuous path for a certain period during the early days after liberation because we solely followed the experiences of the Soviet Union. Therefore, in "the 10 major relationships," Comrade Mao Zedong first defined a guiding ideology for the whole party and people in carrying out socialist modernization construction. He said: "Our theory is to combine the universal truth of Marxism-Leninism with the practice of the Chinese revolution. Some persons in the party engaged in dogmatism during a certain period in the past and we criticized dogmatism at that time. But now there are some persons who are still practicing dogmatism." ("The 10 Major Relationships") Comrade Mao Zedong summed up the experiences and lessons of the serious losses suffered by China during the democratic revolution and early days of liberation because of the practice of dogmatism. In 1956 when the transformation of the means of production with private ownership was basically completed and the socialist construction was started in an all-round way, Comrade Mao Zedong again stressed the importance of implementing the basic principle of combining Marxist-Leninist universal truth with the practice of the Chinese revolution. At that time, blind faith in the experiences of the Soviet Union became the biggest stumbling block for people in seeking a way for building socialism in line with the national condition of the country.

Consequently, Comrade Mao Zedong pointed out that the shortcomings and mistakes of the Soviet Union had been exposed in the process of building socialism. He said that there was no reason for us either to follow the tortuous path experienced by the Soviet Union or to throw ourselves again into the mire of dogmatism by blindly carrying out our work. The only correct way is to persist in combining the universal truth of Marxism-Leninism with the specific conditions of China and build socialism by proceeding from these conditions. This view represents the basic ideological principle expounded by Comrade Mao Zedong in "The 10 Major Relationships" for building socialism in China. With regard to this view, Comrade Mao Zedong pointed out at the Chengdu meeting on 10 March 1958 that "the 10 major relationships" put forth in April 1956 have as their principles and line for construction the same as those of the Soviet Union and yet they have different methods. He said that the 10 major relationships have their own specific and complete contents. On 18 June 1960, he further pointed out in "Summing up 10 Years": "In the first 8 years, we followed the experiences of other countries. But beginning in 1956 when the 10 major relationships were put forth, we have begun to find a line that accords with the situations of the country" and "we have begun to be able to reflect the objective economic law of China."

#### Define Basic Policy From the Point of the Basic National Condition

Following the seizure of political power by the proletariat, it was imperative to carry out socialist construction. This theory represents a basic conclusion of Marxism. But it is for Marxist political parties in various countries to take a certain road to realize this goal by proceeding from the national conditions of their own countries. Based on Marxist-Leninist basic principle, "the 10 major relationships" have profoundly analyzed the history, economy, classes, nation, ideology, culture, and international environment of China and pointed out that we must define our basic principle on the basis of the national condition of the country. This basic national condition includes the two aspects of being poor and blank and that the "revolution has been carried out lagging behind" other countries. Therefore, there is no reason for us to become conceited, arrogant, complacent and conservative. We must enhance our morale, raise the self-confidence of our nation, rely on our own strength, and be modest and prudent so that we will be able to build socialism with better and still faster results.

During the democratic revolution, the CPC successfully mobilized all positive factors and formed the broadest united front of the national democratic revolution with the working class as the leader. This united front was based on the worker-peasant alliance and included the petite bourgeoisie, national bourgeoisie, and all patriotic and democratic personages. The formation of this united front constituted a guarantee for the victory of the democratic revolution. In carrying out socialist construction today, the principal contradictions we are facing have changed, class relations have changed, and the key work of the whole party is also different from what it was, but our basic principle remains unchanged. That is to say, it is still imperative for us to mobilize all positive factors inside and outside the CPC in service of the socialist cause.

In order to implement this basic principle, we must handle well the economic relations between heavy industry and light industry and agriculture, the relations between the industry along coastal areas and in the hinterland, and the relations between economic construction and national defense construction. Heavy industry represents a key construction in China; but because of the lessons of the Soviet Union in lopsidedly developing heavy industry to the neglect of the development of agriculture and light industry, it is imperative for China to develop agriculture and light industry in a big way. In this way, we will be able to develop heavy industry still faster and with bigger results.

In addition, as people's needs have been guaranteed, there will be a more solid foundation for the development of heavy industry. Although most new industry must be built in the hinterland so that the location of industry will gradually balance for the interest of preparations against war, it is still important to make use of and develop even better the old industry in coastal areas so that this industry will be able to develop and support the industry in the hinterland. In defining our basic policy on the basis of the national condition, it is also imperative for us to correctly handle the relations between the central government and localities and the relations between the state, production units, and producer individuals. Comrade Mao Zedong stressed that under the premise of consolidating the unified leadership of the CPC Central Committee, it is imperative to expand the powers of localities so that they will become more independent and will also be able to carry out more work. He pointed out that it is necessary to give consideration simultaneously to the interest of the state, collective, and individuals and that to give consideration to only one size is not in the interest of socialism and the dictatorship of the proletariat. All production units must be both unified and independent so that they will be able to make more progress. It is imperative to display the spirit of being hard working, and at the same time we must also be concerned with the life of the broad masses of people and be able to resolve urgent problems that may crop up during labor and in people's life. We must also pay more attention to resolving the relations between the state and peasants.

Comrade Mao Zedong said: "We require unification and exactness. In order to build a powerful socialist country, it is imperative for the CPC Central Committee to exercise powerful and unified leadership, coupled with unified planning and unified discipline across the country. Undermining this unification is not allowed. At the same time, it is imperative to fully display the initiative of localities. Various places should have their own particularity that is in line with their specific conditions." These words in "The 10 Major Relationships" represent the basic policy for us in carrying out socialist economic construction.

In implementing this basic principle for mobilizing the initiative of all factors, we must also correctly handle the political relations between the people of Han nationality and the people of various minority nationalities, the relations between the CPC and non-party organs, the relations between revolution and counterrevolution, and the relations between the right and the wrong. Comrade Mao Zedong pointed out that China is a unified country with many nationalities. Therefore, we must honestly and actively help the people of various minority nationalities develop their economic and cultural construction, do a good job in promoting the relations between the Han and the people of other nationalities, and consolidate the unity of the people of various nationalities in our common effort to build a great socialist country. We must strengthen the leadership of the CPC and the dictatorship of the proletariat. Otherwise, there will be no way for us to suppress counterrevolution, resist imperialism, and build socialism. Even if we are able to build socialism, we will not be able to consolidate it. It is imperative to distinguish ourselves from the enemy. We must not relax our vigilance as long as there are class struggles in China and the rest of the world. We must strengthen unity and display democracy among the people. It is also necessary for the CPC to "coexist for a long period and supervise each other" with democratic parties. The democratic personages who have aired their opinions with good intentions must be united to mobilize their initiative. The comrades who have made mistakes must be helped so that they will be able to continue making revolution. This ideology shows that the socialist country we are building is a country characterized by high unification between people's democracy and dictatorship.

With regard to cultural relations and the relations with other countries, Comrade Mao Zedong pointed out our principle that we must learn from the really good advantages of all countries, including politics, economy, science, technology and literature and art.

But this learning must be analytical and critical; we cannot just blindly learn from and copy them. Of course, we must in no way learn from the defects and shortcomings of other countries. All decadent systems and styles of foreign bourgeois thinking must be resolutely opposed and criticized. But this attitude must in no way prevent our learning from advanced science and technology and scientific management methods of capitalist countries. This ideology shows that the socialist country we are building is not closed to the outside world; it is opened to the outside world and other countries.

#### The Development of "The 10 Major Relationships" in Practice

The theory of "the 10 major relationships" was neither used nor developed for quite a long period in the past because of the interference of "leftist" guiding ideology and damage caused by the Lin Biao and Jiang Qing counterrevolutionary clique during the 10 turbulent years. Following the 3d Plenary Session of the 11th CPC Central Committee, the CPC restored the ideological line of seeking truth from facts and proceeding from reality. The CPC has consequently fulfilled the task of restoring order in guiding ideology, shifted its key work, and started carrying out the socialist modernization program, across the country. The theory of "The 10 Major Relationships" has thus been really resorted to and developed under this new historical condition.

Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC has persisted in the principle that practice is the only criterion for testing truth. Basing itself on the science and completeness of Marxism, the CPC has pointed out that class struggle is no longer the principal contradiction in society in China, but also pointed out that this contradiction will continue to exist for a long time to come within certain spheres. The key works of the CPC and the State Council have also been shifted to realizing the socialist modernization program with economic construction as the center. Measures have been taken to transform economic and political mechanisms to perfect the socialist system of the country. The CPC has also pointed out the importance of basing ourselves on our national condition to develop the national economy according to the ability of the country and realize the goal of the modernization program step by step. Under the premise that the means of production with public ownership are in a predominant position, the principle of a long period of coexistence of various economic forms, including state economy, collective economy, and individual economy has been implemented. China also has implemented the principle of carrying out planned economy as the main, with regulation by market mechanism as the supplement. On the one hand, the CPC has persisted in implementing the open-door policy and the policy of activating economy at home. On the other hand, it has also taken resolute measures in cracking down on serious criminal activities in the sectors of economy, politics, and culture, and activities that are hazardous to socialism. Measures have also been taken to develop democracy and law in a big way to form systematic and legalized democracy. While measures are being taken to build a highly material civilization, efforts have also been made to build socialist spiritual civilization. All these mean that under the new historical period, the CPC has inherited and developed "the 10 major relationships" and Mao Zedong Thought. In his opening speech to the 12th CPC National Congress, Comrade Deng Xiaoping said: "Our modernization program must be carried out on the basis of the reality of the country. Whether carrying out revolution or construction, we must pay attention to learning from experiences of other countries. But we have never been successful in merely copying the experiences and modes of other countries and have experienced many lessons in this aspect."

Our basic conclusion following the summing up of the experiences over the past long history is that we have to combine Marxist-Leninist universal truth with the specific conditions of our country, take our own road and build socialism with Chinese features." ("Selected Works of Deng Xiaoping," pp 371-372)

These words showed that Comrade Deng Xiaoping has summed up the historical experiences of the CPC in carrying out revolution and construction over the past long period. These words also represent a scientific and basic conclusion by Comrade Deng Xiaoping in inheriting and developing the basic ideology of "the 10 major relationships." It can be easily understood that there exists a red line linking "the 10 major relationships" with the theory and practice of the CPC since the 3d Plenary Session of the 11th CPC Central Committee. This red line means that we must build socialism with Chinese features.

Because of the limitation of historical conditions, Comrade Mao Zedong was not in a position more than two decades ago to put forth such a definite subject, nor was he in a position to put forth in an overall way the idea of building socialism with Chinese characteristics. But the basic ideology he showed in "The 10 Major Relationships" does accord with the theory and practice of the CPC today. The only difference is that the CPC Central Committee has considerably enriched and developed the theoretical basis which he formed. This fact once again proves that the CPC is the inheritor and defender of the great Mao Zedong Thought.

#### JINGJI KEXUE ON PLANNING, FREEDOM IN ECONOMY

HK041300 BEIJING JINGJI KEXUE in Chinese No 5, 20 Oct 83 pp 8-13

[Article by Xu Yi of the Finance and Economic Research Center in the Ministry of Finance: "Correctly Handle the Relationship Between Planning and Freedom in the Economic Management System" — "received by this publication in June 1983"; Capitalized passages published in boldface]

[Text] Planning and freedom represent one of the most difficult and also most important contradictions to handle within the planned management system of a socialist country. The different principles adopted in handling this contradiction condition other areas of the economic planning system.

In 1953, China began to implement a planned economy and at that time the Soviet Union was taken as the major model for the planned economy. However, we also had our own unique characteristics. During the period of the First 5-Year Plan, on the one hand we carried out planned key construction, with a centralized system of planning within the sphere of the state-run economy, and on the other hand we also implemented socialist changes to private capital, individual agriculture, and individual handicraft industries. Before the total joint ownership of private capitalism, the capitalists had total control of property, of management and administration, and the hiring and firing of workers. The state carried out indirect planning of privately owned enterprises and those enterprises were run on a very early form of the joint state-private ownership system. In order to include enterprise production in state planning and ensure that the necessary means of production for the enterprises complied with market supply and demand, the state mainly implemented various economic policies and measures such as taxation policies, credit policies, market prices, spheres of activity, conditions of labor, and economic contracts. Before collectivization of handicraft industries, they were managed on a decentralized basis and their production relied on market adjustments. In agriculture, household side-line production managed by commune members was analogous with the handicraft industries. Private commerce and small-scale peddlers and buyers still existed and their management was also influenced by market adjustments. Hence, although the state was carrying out a planned economy during the First 5-Year Plan, in terms of the entire national economy, market adjustments were seen to be playing a fairly major auxiliary role. This was a major reason why the national economy survived intact during the First 5-Year Plan.

After the completion of the three major alterations, the extent of centralization in China's planning increased.

In 1953 there were a total of 2,800 state-run industries and enterprises under the direct guidance of the central authorities, and by 1957 this number had increased to 9,300. The state Planning Commission drew up a total of 16 plans for agriculture, industry, transportation, telecommunications, and so on, while the extent of production and distribution planning included almost all major products which affected the national economy and the people's livelihood. In 1953 there were a total of 227 types of goods and materials under unified central distribution, and by 1957 this number had increased to 532. During the process of socialist changes to capitalist commerce, agriculture, and handicraft industries which were going on at the same time, some of the measures being used did not correspond with new developments and situations and a certain amount of stagnation appeared in production and circulation. For example, across-the-board implementation of the state monopoly for purchase and marketing in all factories resulted in some factories ceasing to be as concerned about product quality as they had before when they had sold their products on their own. The work of ordering goods from factories was concentrated in a small number of wholesale companies, and grassroots shops were unable to directly replenish their stocks from the factories on the basis of consumer demand. This meant that there was a drop in product variety and specification in retail commerce, a dislocation between production and demand, and a dislocation between purchase and marketing, as well as accumulation on the one hand and lack of stock on the other.

During the process of agricultural cooperativization, insufficient attention was paid to side-line production, which should have been managed by commune member households, while in addition only the supply and marketing cooperatives or station-run commerce bought agricultural by-products. A tendency to ignore purchasing as well as a tendency to force down voices appeared and this affected the development of agricultural by-products. During the process of socialist changes carried out in capitalist commerce and handicraft industries, amalgamated and unified calculation of profits and losses was carried out to too great an extent. This affected production enthusiasm and quality dropped in comparison to the time when private management existed, while product varieties also decreased.

After assessing the experiences of the First 5-Year Plan and the problems involved in the process of socialist changes, Comrade Chen Yun suggested some changes to the system of planned management, saying, "Our state planning, both in the long term, and annual plans, only enters into state plans certain everyday products, handicraft products, and small native products. In addition, almost none of them stipulate product variety planning and this method is fitting." (Footnote 1) ("Document of the CPC 8th National Congress," p335) "The various norms in state planning for these products should be for reference only and we should allow the factories which produce these everyday items to set their own norms and organize their production on the basis of the market situation, and not tie them to the state's referential norms. Then they may pay profits on the basis of their actual end-of-year achievements." (Footnote 2) (Ibid.)

Comrade Chen Yun cited the following six measures as being a form of freedom according to market changes, within the permitted limits of state planning. The six measures were: 1) selected purchasing and free marketing of a certain number of products; 2) independent production for all small factories; 3) division of all handicraft cooperatives into smaller units or organization of decentralized household management; 4) return of the management of all agricultural by-products to the individual members of the cooperatives; 5) opening up of the market management of small-scale local products without regard for temporary increases in prices, within certain limits, of certain products; and 6) a change in methods of planning management for certain sectors and departments.

He said, "As far as production planning is concerned, the vast majority of the entire country's industrial and agricultural products are manufactured according to plans, but at the same time some products are permitted free production within the permitted sphere of state planning on the basis of market changes. Planned production is the core of industrial and agricultural production, while free production within the permitted sphere of state planning on the basis of market changes is supplementary to planned production. This socialist economic market is in no way like the free capitalist market, but rather is a unified socialist market. Within the unified socialist market, the state market represents the core, while there is, in addition, also a free market guided within certain limits by the state. This free market is under the leadership of the state and is supplementary to the state market. It is also an integral part of the unified socialist market." (Footnote 3) (Ibid., p 336)

This system of planning, which is designed with maximum planning and a small amount of freedom, which Comrade Chen Yun proposed on the basis of concrete historical conditions in China, was entirely in keeping with the level of China's productive forces and the coexistence of diversified economic components at the time. However, as a result of the intervention of erroneous "leftist" thinking, these accurate propositions did not see through implementation. After 1958, while power relating to the planned management system of state-run enterprises was transferred to lower levels more than two times, no accurate division was ever found between planning and freedom. The various economic components outside the ownership of all the people overstressed unified restrictions and limitations, mainly as a result of the guidance of erroneous "leftist" thinking. During the 10 years of chaos, "leftism" manifested itself even more and thus production and circulation became truly over-centralized to the point of stagnation.

After the 10 years of chaos, especially after the 3d plenary Session of the 11th CPC Central Committee, changes to the economic management system were imperative so that the four modernizations could be achieved and so those parts of the superstructure which did not correspond to economic development could be improved and perfected. For many years the many drawbacks and defects of China's economic management system have been very obvious and clear, and the opinions of theorists and those working in reality as to what should be done to reform the system were almost unanimous, although a diagnosis of the problems was not unanimous.

One fairly representative viewpoint believed that the root of the problems for China's planned management system lay in "the lack of independence for enterprises, especially enterprises under ownership by all the people, which had all affairs decided by the state and all tasks determined by the state, all products distributed by the state, all personnel promoted by the upper authorities, all profits handed over to the state, and all losses borne by the state." (Footnote 4) (Jiang Y Wei: "The Theory of Enterprise Self-Interest" CHINA SOCIAL SCIENCES, No 1, 1981) This viewpoint held that enterprises under this kind of system could be likened to mere bricks, lacking in life and not being organisms with a life force of their own. This system was referred to as "the theory of state self-interest." Those who espoused this view believed that "political organizations (including the central authorities and regional authorities) should be separated from economic organizations and should change their form to guide and supervise the activities of economic organizations from outside the sphere of these economic organizations, instead of directly commanding and managing economic organizations in the form of internal upper-level bodies." (Footnote 5) (Ibid.) This kind of economic management system was called "the theory of enterprise self-interest." Those who held this view did not approve of "expanding enterprise autonomy" as part of the changes in the system, since they felt that the economic rights and interests of an enterprise were independent and could only be supervised by the state and not shared by both the state and the enterprise.

They also believed that the state's unified leadership of enterprises could only be done through economic, not political means, while the state's planning guidance should be long-term and could not be annual. These proponents also doubted that the system of ownership by all the people was in fact a high form of socialist ownership, and they believed that the question which needed to be discussed was whether the laws of development of the national economy according to planning and proportions could actually be called socialist economic laws.

Those who adhere to this "theory of enterprise self-interest" are linked directly to the basic problem within the socialist system itself. Of course, they proposed this theory because they wanted to eradicate the shortcomings in our economy and they came up with some daring and bold ideas. This spirit of courageous probing is very valuable, but it was incorrect in its methodology. The reason for this is that when the proponents came to analyze the problems in the economy, they did not differentiate between problems in work and the fundamental social system itself. In addition, they did not carry out a historical analysis of the basic cause and aims of the changes in the social system and they did not start out by aiming to consolidate and perfect socialist methods of production, and so they came to the conclusions outlined above. We cannot endorse this conclusion.

We know that when the creators of Marxism analyzed the emergence of capitalist forms of production and their inevitable replacement by socialist forms of production and the inevitable laws of transition to communist forms of production, they wrote, "The real historical role of capitalist forms of production and their embodiment, the bourgeoisie, is to centralize and expand these decentralized and small-scale means of production and to change them into modernized and strong levers of production. ... If the bourgeoisie does not change these limited means of production from individual means of production into socialized means of production, so that they may only be used by large numbers of people together, then they (the means of production) cannot be changed into powerful productive forces." (Footnote 6) ("Collected Works of Marx and Engels," Vol 20, pp293-294) As the productive forces develop, "The lack of mutual toleration between socialized production and capitalism will inevitably become increasingly obvious." (Footnote 7) (Ibid., pp295-296) "This style of production compels people to constantly change these enormous socialized means of production into state property, while at the same time it indicates that the road to completion of this change involves taking political power from the bourgeoisie. When the proletariat will seize state political power, the first thing they will do is to change the means of production into state property." (Footnote 8) (Ibid., p305) Thus, the socialist revolution "will ensure the first step taken by the state which truly represents the entire society." (Footnote 9) (Ibid., p 305) In this way, "Socialized production will ensure that all old styles of production are revolutionized." (Footnote 10) (Ibid., p 294) "This state is the true representative of the entire society and it is a centralized manifestation of society in the form of a tangible organization. However, to say that this is what the state is says mere words. At present it only represents that one class of the entire country." (Footnote 11) (Ibid., p 305) Our socialist country is a state under the dictatorship of the people, namely the dictatorship of the proletariat, and as the state increases its possession of the means of production, this social character will become utilized in a fully conscious way by the producers. It will change from being the cause of confusion and periodic crises to becoming the most effective lever in production revolution. In this way the function of the state will cease to be domination of the exploited by the exploiting classes and will instead be truly representative of society, constantly strengthening and developing its function as the manager of society. Engels said, "Social possession of the means of production will not only eradicate existing man-made obstacles in production, it will also eradicate obvious waste and destruction in the productive forces and in products themselves.

At present, this waste and destruction is an inseparable companion of production (Editor's note: Here Engels is referring to capitalist styles of production), and when production finds itself in times of crisis, this waste and destruction reach an extreme. Furthermore, this social possession of the means of production can, because it eradicates the waste created by the wanton extravagance of the present ruling classes and their political representatives, save enormous amounts of products and means of production for the entire society." (Footnote 12) (Ibid., p 307)

Hence, "Through social production, not only can we guarantee each member of society a rich and increasingly full material life, we can also guarantee that their mental and physical capacities enjoy full and free development and utilization. This is the first time that this possibility has emerged, but it has indeed emerged." (Footnote 13) (Ibid., p 307) China's practical experiences in the last 32 years of socialist revolution and construction prove that the scientific ideas of the creators of Marxism concerning the socialist social system were indeed universal truths and the drawbacks and hitches that we have come up against in our actual work are mainly problems related to our work, created by erroneous "leftist" thought. We cannot conclude that our work problems, which are mainly caused as a result of insufficient understanding of objective laws, are rooted in the system of public ownership. We believe that the proposition should be opposed that "political organization should be separate from economic organization" as expoused by those who believe in "the theory of enterprise self-interest" and that state leadership and management of enterprises be called "administrative." The root of these people's beliefs lies in their doubt that the system of ownership by all the people is a high form of socialist ownership. This sort of doubt concerning the socialist style of production inevitably leads to a rejection of the state's function as manager of enterprises. Both Marx and Engels stressed that socialism not only implies a unification among workers within factories, but also implies overall unification throughout society. If the means of production are not in the possession of all society, namely under state ownership, and if there is no proletariat state to represent society in fulfilling the function of economic management, then there is no chance for the fundamental economic laws of socialism to emerge, these laws being the law of planned and proportional development of the national economy and the law of distribution according to work.

If every factory and enterprise throughout society became independent commodity producer units which put their own personal interests above all else, there would be no way in which the above-mentioned economic laws could be expressed. Propponents of "the theory of enterprise self-interest" say that unity among all workers means that "the enterprise should be the integrated or unified body for all enterprise workers or what Marx called 'the free and equal integrated body of the producers,' and enterprise power should be in the hands of the workers." (Footnote 14) (Jiang Yawei: "The Theory of Enterprise Independence," CHINA SOCIAL SCIENCES, No 1, 1981) Here the author has taken Marx's words and used them for his own argument. When we examined the original, we found that the author had ignored the text as a whole and there were some differences in his understanding of Marx's original meaning. The original text that Marx wrote reads as follows: "The nationalization of land will completely change the relationship between labor and capital and in the final analysis it will completely eradicate capitalist forms of production in industry and agriculture. At that time class differences and prerogatives will be wiped out along with the economic basis on which they depend for their existence. Living off the work of others will become a thing of the past. Governments or states in opposition to the society will never again exist! Agriculture, mining, industry, and all sectors of production will gradually organize themselves together in the most rational way. THE FOCUS OF THE NATIONALIZATION OF THE MEANS OF PRODUCTION WILL BECOME THE NATIONAL SOCIAL FOUNDATION COMPOSED OF THE FREE AND EQUAL INTEGRATED BODIES OF THE PRODUCERS and these producers will consciously perform society's labors according to common and rational plans.

These are the humanist aims of the great 19th century economic movement." (Footnote 15) ("Collected Works of Marx and Engels," Vol 18, p 67). Here Marx was saying that the focus or concentration of the national nature (or nationalization) of the means of production was the national (or nationalized) foundation for the integrated bodies of the producers. This integrated body of the workers cannot be interpreted as merely the integrated body of workers in one enterprise, nor can one consider that all enterprise rights and powers may be in the hands of the workers of each enterprise instead of in the hands of the great alliance of all workers throughout society.

In practice, if we followed the author's beliefs and made the integrated bodies of workers in individual enterprises the foundation of the system of public ownership, then it would be the same as making collective ownership within public ownership the center of socialism. What we should ask is whether, on the basis of collective ownership, it is possible to carry out total social distribution, including distribution according to labor? If the state was only to manage long-term planning, while annual planning was carried out by individual enterprises, and if each enterprise drew up its plans on the basis of its own individual interests, then how would it be possible to guarantee that the sum total of all these plans would produce suitable proportions and correspond with the overall interests of society? If enterprise plans do not correspond to overall interests and if the state can only use economic rather than political means to carry out planned adjustments, then when the advantages for an enterprise in carrying out production according to its own plans are greater than those which the state provides in order to guide the enterprise in the right direction, what is to stop the enterprise from simply seeking its own personal interests? In fact, the "theory of enterprise self-interest" as proposed by some people, is nothing new and has been tested in some countries. These tests have proved that when an enterprise organizes social production independently and for itself, it is impossible to avoid blindness and dislocations. If China, with several hundreds of thousands of enterprises, allowed each one to have "independence" then there would be several hundred thousand centers throughout the country and state planning guidance and social long-term planning would become meaningless. Lenin said, "Only with socialism is there the possibility to comprehensively implement and accurately control the social production and distribution of commodities on the basis of scientific understanding and only in this way can the workers live happy and contented lives. Only with socialism can these things be achieved and we know that socialism should achieve these things and all the problems and all strength of Marxism lie in understanding this truth." (Footnote 16) ("Collected Works of Lenin," Vol 27, p 385)

On the basis of the positive and negative experiences that we have in China as a result of 32 years of changes in the economic management system, the 12th party congress confirmed and upheld the implementation of the planned economy on the basis of the system of public ownership in China. Planned production and circulation are central to China's national economy. At the same time it permitted the production and distribution of some products to be done without planning, with adjustments carried out by the market, supplementary to planned production and circulation. It is pointed out with emphasis that "the production and distribution of the means of production and the means of subsistence within the state-run economy which are directly related to the national economy and the people's livelihood, and especially key enterprises in the overall economy, must submit to command planning. This is an important manifestation of China's socialist system of ownership by all the people in terms of production organization and management." (Footnote 17) ("Collection of Documents From the 12th National Congress of the Chinese Communist Party" pp 24-25)

The meaning of this sentence is very broad and critics in RENMIN RIBAO have provided concrete explanations of its meaning, pointing out that "China's economic system of ownership by all the people and its economic system of collective ownership are in essence the same, as far as all systems of private ownership are concerned. However, when the two are compared, differences in their nature are apparent. The difference between the two lies in the distribution of profits and other similar areas, but the most important difference is still to be found in the organization of production and management. If the state only receives a portion of all profits and if enterprises are entirely responsible for their production and management, then the system of ownership by all the people does not achieve manifestation in the organization of production and management. In that case, it is very difficult to say that the state is still the owner of the enterprise and it is very difficult to class such an enterprise as a state-run enterprise. There are many varied ways in which the state controls the production and management of state-run enterprises and the issuing of command plans is one of these important channels." (Footnote 18) (RENMIN RIBAO 21 Sept 1982, "Establish a System of Planning Management Which Corresponds Even Better to the Situation in China.") This illustrates an appreciation of the necessity of command planning as viewed from the ownership system.

The issuing of command targets in the collectively owned economy, such as purchases by the state and assigned procurement of grain and other important agricultural by-products, is not based on the system of ownership but takes as its basis the political and economic alliance created among workers in order to establish socialism. In the final analysis, this basis is not only necessary and profitable for the workers, but also for the peasants and all of society. At the 12th party congress it was pointed out that "in addition to command planning, guidance planning, mainly in the form of economic levers to ensure their realization, should be implemented in the case of many products and enterprises." (Footnote 19) ("Collection of Documents on the 12th National Congress of the Chinese Communist Party," p 25) The implementation of guidance planning does not mean that the state may not directly intervene when necessary. But as far as "those various kinds of small products are concerned which have a low output value, are large in variety, and are fairly stable in terms of the time and location of production and distribution, the state does not need to nor can it use planning to manage them. The production of these kinds of small products may be organized by the enterprises themselves on the basis of changes in market supply and demand and the state should step up and strengthen management by means of policies, laws, and industrial and commercial administrative work." (Footnote 20) (Ibid.) These three styles, which were proposed at the 12th party congress, represent a manifestation of the principle of "dominant planning and small amount of freedom" and we could say that it is an assessment and improvement under new historical conditions of the successful experiences gained during the period of the First 5-Year Plan.

Integration of the above-mentioned three styles is not to be found in the Soviet Union, nor in present-day Yugoslavia or Hungary. Rather, it is the correct principle drawn up on the basis of the reality of China after researching overseas experiences and the paths that China itself has taken in the past. Some comrades differ in their specific understanding of the principle of the planned economy with central and market adjustments as auxiliary. They endorse the proposition that the planned economy is central but they do not endorse command planning or rather, if command planning is to be carried out, they believe it should be used as a temporary measure during periods of readjustment.

They believe that "the experiences of all countries which carry out command planning illustrate that this kind of planning management makes it hard to solve traditional shortcomings innate to a centralized system of planning, such as dislocations between production and demand, waste of natural resources, poor product quality, and low microscopic results." (Footnote 21) (Liu Guoguang: "Uphold the Basic Direction of Reforming the Economic System," RENMIN RIBAO 6 September 1982) We believe that this is not a sufficiently comprehensive understanding of the situation, because if command planning were eliminated, then the state would have no way of guaranteeing that enterprises develop in accordance with national demand, and the state would not be able to maintain overall stability nor control the means of production required by the market. It would be very difficult for the various economic levers to be put to effective use to ensure the realization of guidance plans. The free market would become a blind force attacking state planning. As far as the various shortcomings of command planning are concerned, these are work problems and they can be gradually corrected through practice. In the final analysis, this is a question of understanding the laws of economics and improving management work. If these two problems are not solved, then not only will command planning become unrealistic, but guidance targets and free production will also become totally chaotic, for guidance also requires people to guide, and administration also requires people to become effective. If people (those in government bodies) lack full understanding and expertise in the use and control of objective economic laws, then serious damage will occur, in both guidance and command.

The principle for handling this contradiction between planning and freedom is a principle of primary importance in determining the entire system of economic management. As soon as this principle has been defined, all the other various aspects of the management system must conform to it. For example, present planning management in China means that circulation of the means of subsistence is divided up into three forms, namely centralized procurement and exclusive selling rights, selective purchasing and individual selling, and individual production and individual selling. As far as price management is concerned, there are state set prices, floating prices, negotiated prices, free market prices, and so on. At the same time, the state also has to establish a corresponding system and policy of management and should not let things drift.

The system of financial management must also conform to this larger principle. As far as revenue is concerned, it is undoubtedly necessary, in the case of enterprises which are producing according to command planning, to draw up financial targets defining both low production costs and profits to be paid to the state, while in the case of enterprises producing according to guidance planning or are carrying out free production, we can only differentiate between the nature of the system of ownership, taxation, and the payment of profits according to actual results. As far as expenditure is concerned, the proportion of profits to be retained by the enterprise must correspond with the scale of reproduction of fixed assets as arranged by state planning. If profits from retention and various enterprise funds exceed these limits, then capital construction will be drawn out and repetitive construction will occur.

Systems of management of production, capital construction, commerce, goods and materials, credit, labor wages, and so on should be determined according to the principle of differentiating between freedom and planning. After these have been determined, there is the question of ensuring that the financial system corresponds with these other systems. For example, construction items arranged according to command planning must have guarantees of goods and materials as well as financial guarantees. Money but no materials or materials but no money can both lead to a failure of command planning. Upward and downward price adjustments to products with prices fixed by the state can lead to financial damage or financial rewards, and in this case, corresponding adjustments should and must be made to financial planning. All financial damage and rewards caused by changes in floating prices or free prices should be borne by the enterprises themselves.

NOVELIST ZHANG XIAOTIAN WRITES SELF-CRITICISM

HK100813 Beijing ZHONGGUO XINWEN SHE in Chinese 0828 GMT 9 Jan 84

[Text] Beijing, 9 Jan (ZHONGGUO XINWEN SHE) -- Zhang Xiaotian, a writer from Jilin Province, has made a public self-criticism for publishing "Boundless Grass Over the Plain," a novel with serious errors. He said that the out-and-out theory of human nature transcending classes advocated in this work runs counter to Marxist class theory and represents a tendency to liberalization.

Zhang Xiaotian made this remark in a self-criticism article entitled "Never Forget the Duties of Socialist Writers" which was published in RENMIN RIBAO today. Taking the Huai-Hai campaign and the "Cultural Revolution" as its backgrounds, the novel portrays the story of the so-called "human relationship" between a KMT general and a female PLA fighter.

He said: As a party member writer, I profoundly realize that I have fallen short of the duties of socialist writers and that I am not worthy of being a party member in turning out "Boundless Grass Over the Plain," a novel with such serious ideological and artistic errors. The article says: In the past year and more since the publication of "Boundless Grass Over the Plain," I have listened from time to time to criticism and views from various quarters. I was disgusted with the criticisms at first, considering them to be "bludgeoning" and "another leftist practice." For this reason, I dished out an article entitled "Let Me Simply Provoke It Once" in an effort to stick to my errors. Later, I assumed a passive attitude to being criticized. This prevented me from pondering over my faults soberly and straightening out my ideas toward creative work. In the meantime, I also had a sense of being wronged. At first, I did not realize the seriousness of the erroneous tendency manifested in "Boundless Grass Over the Plain."

The article says: Just as many critical articles pointed out, the errors of "Boundless Grass Over the Plain" were not due purely to artistry and technique but chiefly to problems of philosophical and creative thinking. That is to say, I recommitted the idealist mistake of worshipping abstract human nature when I was confronted with history and complex social phenomena and pondered over certain philosophical problems.

The article says: Take the reform of the KMT war criminals for example. The fact is that the war enabled them to lay down their arms, the policy of reform through labor enabled them to become new people, and the superior system of socialism enabled them to change their stand of opposing the people. If they should turn over a new leaf by thoroughly reforming themselves, this is the result of their being moved and inspired by the party's policy. Under my pen, however, the transformation of war criminal Shen Gongqiu was attributed to the influence of Du Yufeng's human nature, with motherly love. Shen Gongqiu in turn influenced Su Yan, a party member, with human nature so that the three of them agreed to bury the hatchet under the banner of human nature. In this way, this history of class struggle has been portrayed as one in which human nature has materialized and triumphed. Writing of abstract human nature as a prescription for transforming society and life will inevitably result in using the bourgeois theory of human nature to resist Marxist class theory, confusing people and sapping their fighting will. The social effect is obviously bad. I did not realize all this before.

The article says: The fundamental cause for the erroneous understanding and judgment of life of "Boundless Grass Over the Plain" lies in the fact that I overlooked the guidance of Marxism-Leninism-Mao Zedong Thought in literary and artistic practice. The ideological tendency of literary or artistic works determines the characteristics of literature and art.

That is to say, literary and artistic works will certainly reflect the demands and interests of certain classes. Only by applying Marxist theory on literature and art is it possible to have a correct insight into life and to write good works. The consequence of my "failure to rely on the guidance of theory" was that I departed from the correct criteria of Marxist literary and artistic theory and, being unconsciously affected by the bourgeois literary and artistic theory, hoisted the banner of bourgeois human nature, assuming that I was blazing new trails. This is a profound lesson to me.

When carrying the criticism article of Zhang Xiaotian, RENMIN RIBAO has added an editor's note. It says: In recent years, Zhang Xiaotian, a writer from Jilin Province, has published numerous works. Some are fairly good and some are bad. The novelette "Boundless Grass Over the Plain" is a work with serious errors because it has distorted the history of the Chinese people's struggle in the liberation war with a false plot. Since the publication of the novel, the readers and the literature and art circles have criticized the erroneous tendency of the work and the author's lack of seriousness in his creative attitude. The Jilin Provincial CPC Committee and the relevant leading cadres of the Changchun Film Studio, in which he worked, have also seriously criticized and enthusiastically helped him on numerous occasions. Zhang Xiaotian has realized his errors to a certain extent and has made a self-criticism.

#### WAN LI PRESENTS AWARDS TO ATHLETES

OW101130 Beijing XINHUA in English 1110 GMT 10 Jan 84

[Text] Beijing, January 10 (XINHUA) -- Ninety-six outstanding Chinese athletes and coaches were awarded medals of honor at a meeting called by the Chinese Physical Culture and Sports Commission at the Great Hall of the People here this afternoon.

In the past year, Chinese athletes improved or surpassed eight world records and captured 39 world championships in the table tennis, badminton, track and field, gymnastics, sports acrobatics, diving, shooting, model airplane flying, model boat navigation, parachuting and Weiqi ("go" chess).

Chinese acting Premier Wan Li, and other leaders attended the meeting and presented medals of honor to the athletes and coaches. Among the 63 athletes awarded today are the world table tennis men's and women's singles champions Guo Yuehua and Cao Yanhua, badminton players Han Jian and Li Lingwei, gymnasts Tong Fei and Li Ning, women divers Chen Xiaoxia, Zhou Jihong and Li Yihua, women walker Xu Yongjiu and parachuter Li Rongrong. Zhu Jianhua, world men's highjump record holder, Wu Shude (weightlifter), and two other shooters, and their coaches were awarded medals of honor at the fifth Chinese National Games in Shanghai last autumn. At the meeting Tong Fei, representative of the athletes awarded, expressed their determination to make better achievements and to win more honors for the motherland in 1984 international tournaments including 1984 Olympic Games.

[Beijing Domestic Service in Mandarin at 1200 GMT on 10 January in its report on the meeting called by the Chinese Physical Culture and Sports Commission to present awards to athletes adds: "Attending the meeting to present the awards were state and party leaders Wan Li, Xi Zhongxun, Yang Shangkun, Song Renqiong and Peng Chong, and they gave awards and medals to the athletes and coaches."]

#### SONG RENQIONG AT ADMINISTRATIVE REFORM FORUM

OW110151 Beijing XINHUA Domestic Service in Chinese 1235 GMT 10 Jan 84

[By reporter Chen Yan]

[Text] Beijing, 10 Jan (XINHUA) -- Song Renqiong, member of the Political Bureau of the CPC Central Committee, said today at the national forum on the implementation of the personal responsibility system in party and government organizations that the

establishment of that system is an absolutely necessary and important step in carrying out in-depth administrative reform, and is an important part of the work of restructuring the administration and consolidating the party simultaneously in the course of the party rectification.

After reviewing the marked results achieved in administrative reform over the past year and more, Song Renqiong said: The basic purpose of administrative reform is to overcome bureaucracy, increase work efficiency, achieve better economic results, and promote socialist modernization. To achieve this it is essential to carry out proper reforms in the administrative structure, the personnel system, and so forth based on investigations and studies. The establishment of the personal responsibility system and the cadre evaluation system is a necessary step to institutionally consolidate and develop the results of administrative reform.

Song Renqiong pointed out: The establishment of the personal responsibility system in party and government organizations is an important step to institutionally strengthen and improve party leadership, overcome bureaucracy, improve leadership style, enforce strict work discipline, and increase work efficiency. The key to a good personal responsibility system lies in attention by the leadership; principal leading cadres not only must pay attention to formulating a system but, more importantly, must also pay attention to organizing its implementation. Leading cadres at various levels must boldly give full play to the enthusiasm and initiative of the various functional departments and cadres at various levels and encourage them to constantly bring forth new ideas in practice and strive to create a new situation.

Song Renqiong said: At present, the establishment and implementation of the personal responsibility system should be combined with party rectification. The establishment of the personal responsibility system will be conducive to fulfilling the tasks of rectifying work style and strengthening discipline, to institutionally consolidating the results of party rectification, and to discovering, training, and evaluating outstanding young cadres and doing a good job in building up the third echelon.

Song Renqiong pointed out: While establishing the personal responsibility system, it is necessary to establish and implement a cadre evaluation system. Through evaluation, it is possible to distinguish between the good and the bad, discover competent people, and strengthen the building up of the ranks of cadres who are more revolutionary, younger in average age, better educated, and professionally more competent. Song Renqiong expressed the hope that party and government organizations of various provinces, municipalities, and autonomous regions will set a good example and, with a high sense of responsibility to the party and people, actively establish and implement the personal responsibility system.

The forum is being jointly held by CPC Central Committee Organization Department and the Ministry of Labor and Personnel of the State Council. Tian Jiyun, vice premier of the State Council, attended the opening ceremony today. Chen Yeping, director of the CPC Central Committee Organization Department, presided over the meeting. Zhao Shouyi, minister of labor and personnel, made a report at the meeting, entitled "Vigorously Promote Reform of the Personnel System in the Course of Party Rectification."

The forum is being attended by responsible comrades of party committee organization departments and government personnel departments from various provinces, municipalities, and autonomous regions; responsible provinces, municipalities, and autonomous regions; responsible comrades of cadre and personnel departments and party committees of central and state organs and various ministries and commissions; comrades of organizations directly under the party Central Committee, concerned and responsible comrades of some prefectures, cities, and counties -- more than 300 people in all.

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The meeting's main task is to exchange experience in establishing the personal responsibility system, discuss opinions on implementing the personal responsibility system and reforming the personnel system, and further promote the general establishment and improvement of the responsibility system in party and government organizations throughout the country.

HU QILI INSPECTS SHENZHEN SPECIAL ECONOMIC ZONE

HK110620 Guangzhou Guangdong Provincial Service in Cantonese 0030 GMT 11 Jan 84

[Text] Hu Qili, member of the Secretariat of the CPC Central Committee, arrived in the Shenzhen Special Economic Zone the day before yesterday on an inspection tour. He was accompanied by Lin Ruo, secretary of the Guangdong Provincial CPC Committee. Accompanied by Liang Xiang, secretary of the Shenzhen City CPC Committee; and (Zhou Ding), deputy secretary of the Shenzhen City CPC Committee, Hu Qili, Lin Ruo, and others inspected the Chinese end of Luo Hu bridge, fisherman's village, the international commercial building, and the industrial zone of Shekou, Shatoujiao, and (Xiangmenye) one after the other. They also viewed the general appearance of the city. In the evening, after listening to a report by Comrade Liang Xiang on behalf of the Shenzhen City CPC Committee, Comrade Hu Qili said: I have never been here before. After this visit, I can deeply realize the might of the policy of opening to the outside world formulated by the 3d Plenary Session of the 11th CPC Central Committee. If the special zone had not been set up, there would still have been a vast expanse of barren hills here. With regard to the running of the special zone, the central authorities have made up their minds, and only progress, and not retreat, will be allowed. It should be run better and better. It is hoped that all of our comrades will heighten their spirit and strive to open up a new situation. There has been great progress over the past 3 years and more. From now on, new progress should be made each year and old conventions should be discarded. Comrade Hu Qili and his party left Shenzhen for Guangzhou yesterday morning.

FANG YI ENCOURAGES CHILDREN TO STUDY SCIENCE

OW101302 Beijing XINHUA in English 1250 GMT 10 Jan 84

[Text] Beijing, January 10 (XINHUA) — China will encourage children under 10 to develop a keen interest in science so as to train more future scientists and technicians for the modernization drive, State Councillor Fang Yi said at the Great Hall of the People here today. He was addressing a meeting celebrating the fifth anniversary of the founding of the SCIENCE PICTORIAL FOR YOUNGSTERS, one of China's four major popular science magazines for children. Fang Yi stressed efforts to broaden children's vision, probe into the secrets of nature and make innovations.

Also minister of the Science and Technology Commission, Fang Yi proposed that popular science magazines should tell the children something about life science, new materials and information science, which are the three frontier branches of science in the world at present.

Founded in January 1979, the SCIENCE PICTORIAL is a monthly with colorful pictures and fascinating stories. It is published by the Beijing Children's Publishing House and has a circulation of more than 500,000 at home and abroad.

CPPCC LEADERS HOLD JOINT PLANNING MEETING

OW110355 Beijing XINHUA Domestic Service in Chinese 1504 GMT 10 Jan 84

[By reporter Tang Mei]

[Text] Beijing, 10 Jan (XINHUA) -- Responsible persons of the various work groups of the CPPCC National Committee held a joint meeting today to exchange information on each group's activities and discuss work plans for the first half of the year.

The work groups of the CPPCC National Committee were set up after the convocation of the First Meeting of the Sixth CPPCC National Committee in July 1983. In the few months since, the groups have each selected important problems in their own fields in national economic construction or of concern by the masses, conducted investigations and studies made special reports and held special discussion meetings. They have held a total of 28 report meetings and 32 discussion meetings. The work groups have also written more than 10 special reports on such problems as strengthening protection of cultural relics, milk supply in Beijing Municipality, gas supply in Beijing Municipality, tree and grass planting in Ningxia Hui Autonomous Region, joint operations of the steel, coal and power industries in Baotou, and so forth. Some reports were written by members in the 80's or 90's after in-depth and on-the-spot investigations. Some reports have been well received by leading comrades of the Party Central Committee and the State Council and forwarded to departments concerned for study and action.

At today's meeting, the responsible persons of various groups focused their discussion on the country's political and economic life and put forward a number of activities or study subjects to be started or continued in the first half of the year. They expressed their determination to bring into play more extensively the group members' enthusiasm, cooperate as closely as they can with the various democratic parties, other organizations concerned and relevant government departments, develop activities with specific emphases and better bring into play the role of the work groups.

Yang Jingren, vice chairman of the CPPCC National Committee, attended today's meeting. Fei Xiaotong, vice chairman of the CPPCC National Committee, presided over the meeting. Speaking at the meeting were: Song Demin, Li Tiezheng, Zhong Shitong, Shen Gizhen, Wang Boyue, Dong Chuncai, Cai Ziwei, Huo Maozheng, Jiang Chunfang, Ye Gongshao, Pei Lisheng, Gian Weichang, Liu Che, Zheng Xiaoxie, Li Wenjie, Zhao Junmai, Zhuang Mingli and Sun Yueqi.

#### MARINE ENVIRONMENTAL REGULATIONS PROMULGATED

OW110419 Beijing XINHUA Domestic Service in Chinese 1229 GMT 10 Jan 84

[Text] Beijing, 10 Jan (XINHUA) -- The State Council recently promulgated the "Regulations of the People's Republic of China on Prevention of Marine Pollution by Vessels" and the "Regulations of the People's Republic of China on Marine Environmental Protection from Oil Prospecting and Exploitation." Both the regulations are enacted in implementation of the "Law on Marine Environmental Protection of the People's Republic of China" promulgated in August 1982.

The "Regulations of the People's Republic of China on Prevention of Marine Pollution by Vessels" are applicable to all ships of Chinese and foreign registry, ships' owners and other individuals within the territorial waters and harbors under the jurisdiction of the People's Republic of China. The "regulations" stipulate that no vessel is allowed to discharge oil, oily mixtures, waste and other poisonous matters into the freshwater areas in harbors, near river mouths, special marine protection zones and nature refuges at sea.

The regulations stipulate that when a ship has caused an incident of marine pollution by discharging oils, oily mixtures and other poisonous matters, it should promptly adopt measures to control and clear up the pollution and should submit as soon as possible a written report to the nearest harbor administration for investigation and handling. When ships suffer damages at sea which cause or may cause major pollution and damage to the marine environment, the harbor administration has the right to adopt forceful measures to void or reduce such pollution and damage, while all the costs arising from it will be borne by the ships causing the trouble.

The "Regulations of the People's Republic of China on Marine Environmental Protection From Oil Prospecting and Exploitation" are applicable to enterprises, establishments, operators and individuals engaged in oil prospecting and exploitation in waters under the jurisdiction of the People's Republic of China and the fixed and movable platforms and other related installations used by them. The regulations stipulate that enterprises or operators, when formulating overall oil (gas) field exploitation plans, must at the same time prepare a report on the effects on the marine environment, and they should have the ability to meet emergencies in preventing and controlling oil pollution incidents and should have insurance or other financial guarantees to cover the civil responsibilities for pollution and damage.

#### ADVANCES IN OPTICAL FIBER COMMUNICATIONS REPORTED

HK101046 Beijing BEIJING RIBAO in Chinese 23 Dec 83 p 1

[Report by reporter Liu Tingzhao: "Beijing's First Optical Fiber Communication Line has Worked Well for 50 Months"]

[Text] A pair of optical fibers, which measure 3.3 kilometers long and are smaller than a hair in breadth and are functioning as a telephone communication line consisting of 120 pairs of wire, have been working efficiently for 50 months in the communications network between Beijing Bureaus Nos 86 and 89.

This optical fiber communication line was the first of its kind officially put into operation in Beijing in October 1979 (on a trial basis at the beginning), only 2 years after the world's first communications line of the same type was put into operation in the United States.

Officially merged into the communications network in February 1981, this optical fiber communications line guarantees round-the-clock smooth operation of the telephone relay trunk of 120 lines. It has functioned well without mishap in the past 4 years and more, ensuring distinctive communication, and is highly resistant to corrosion and electromagnetic interference, and is efficiently maintaining secrecy.

A comrade of the Beijing Glass Research Institute, one of the units engaged in the study and making of the optical fiber communications line between Bureaus Nos 86 and 89, told the reporter: To further widen the scope of optical fiber use in communications, the research institute has supplied, since the beginning of this year, optical fibers or cables to a certain ground satellite receiving terminal, the Beijing electronic computer center, and other organizations. Its work of studying and making optical fiber has entered the stage of a pilot test. Working in cooperation with other units, it is now capable of producing 100 kilometers of optical cable a year. The director of the research institute excitedly told the reporter: "The work on the optical fiber communications line between Bureaus Nos 86 and 89 was carried out by hand years ago. At present, computer control has been brought into effect. The quality of optical fiber produced in Beijing has attained the quality level of optical fibers exported by the United States and Japan. Beijing has become rather advanced at home in the production of optical fiber."

#### MODERNIZATION OF METEOROLOGICAL WORK PLANNED

OW071646 Beijing XINHUA in English 1436 GMT 7 Jan 84

[Text] Beijing, January 7 (XINHUA) -- China will from now to the year 2000 strive to use space and electronic technology to modernize its meteorological work.

Training of an additional 300 senior meteorologists will be another national task for the next 16 years, according to a development program for modernizing China's meteorological work adopted at current meeting of officials and experts in Beijing.

The program, available to XINHUA today, calls for extensive application within this century by meteorological departments at all levels of techniques used in developed countries in the late 70's and early 80's. The program adopted at the national conference of provincial meteorological bureau directors sets the following targets:

- Establishing an independent satellite observation network;
- Establishing a meteorological communications network with Beijing as the center, extending to subcenters in Shanghai, Guangzhou, Wuhan, Chengdu and Shenyang as well as to the capitals of the highly-industrialized east China provinces;
- Establishing an automatic meteorological data and information processing and service system controlled mainly by electronic computers;
- Improving scientific research on disastrous climate, climatic formation and changes, climatic resources, as well as how local climate could be changed by artificial means.

To achieve this purpose, the program calls for establishment of a typhoon research institute in Shanghai, an institute of tropical meteorology in Shanghai, an institute of tropical meteorology in Guangzhou, an institute of plateau meteorology in Chengdu and an institute of torrential rains in Wuhan. Participants at the conference expressed confidence in the success of the program, noting that China now has at its disposal well-developed meteorological research observation and service systems built in the past three decades. In addition, the country is beginning to use modern scientific achievements in its meteorological work, including infrared remote sensing, microwave remote sensing and laser technology.

A computer system able to do 100 million calculations per minute developed by China lately will serve purposes including meteorological research and observation. The national conference of provincial meteorological bureau directors began on January 1.

#### AGRICULTURE RESULTS POPULARIZED, LEADERS AWARD PRIZES

OW091337 Beijing XINHUA in English 1146 GMT 9 Jan 84

[Text] Beijing, January 9 (XINHUA) -- Popularization of 62 major scientific and technical results, including hybrid rice, plastic sheet covering of crops and chemical weeding, are "an important factor for China's successive good harvests," according to a national meeting closed here today. The meeting was held to sum up and exchange experience in spreading scientific and technical results in the fields of agriculture and forestry.

In 1983, China grew about 6.6 million hectares of hybrid rice with an average output of 6.75 tons per hectare for semi-late and late rice, three fourths of a ton above conventional strains. Last year a machine was widely used to lay plastic sheets on 670,000 hectares of cotton and peanut fields and vegetable gardens. Since plastic sheets can preserve soil moisture and heat, cotton yields rose about 30 percent. Chemical weeding is replacing traditional hoeing in China. Last year, 1.53 million hectares of fields on state farms used weedkillers.

The country's draught animals and cows surpassed 100 million in 1983 for the first time, thanks to more artificial insemination. Artificial hatching also contributed to increasing prawn output.

The country has 48,000 agrotechnical stations and centres with a staff of 370,000 popularizing advanced farming techniques. In addition, many peasants have received training. Two million hectares of seed farms in China produce one-third of the country's fine seeds, amounting to 55,000 tons a year.

[Beijing XINHUA Domestic Service in Chinese at 1318 GMT on 9 January adds: "Party and state leaders Fang Yi, Li Peng, Tian Jiyun, and Zhang Jingfu and leading comrades of the ministries and commissions concerned issued certificates of merit, certificates of achievement, and prizes to representatives of 1,967 advanced collectives and persons," and speeches were delivered at the meeting by He Kang, minister of agriculture, animal husbandry, and fishery; Yang Zhong, minister of forestry; and Du Runsheng, director of the rural Policy Research Center of the State Council. No details of their speeches are given]

#### FOOD, OTHER RETAIL SALES UP 10 PERCENT IN 1983

OW081640 Beijing XINHUA in English 1144 GMT 8 Jan 84

[Text] Beijing, January 8 (XINHUA) -- China's retail sales in 1983 were ten percent up on the 1982 figure of 257 billion yuan, according to a preliminary estimate by the Commercial Department.

Increases were registered in the sales of food, clothing and commodities for daily use, representing a further improvement in people's living standards. Between January and November of 1983, sales of live pigs rose five percent from the like 1982 period, eggs 8.8 percent, sugar 7.7 percent and wines and liquors 11 percent. Consumers showed a general preference for lean meat to fat meat. Despite a growth in the sales of lean meat in the cities there was still a big gap between supply and demand. Demand was high for quality vegetables all year round in the cities, while in the countryside milk products and canned food, traditionally urban commodities, made fast sales.

Sales of consumer durables showed a sharp increase. 4,146,000 television sets were sold by state commercial enterprises in the first 11 months of last year, 15.3 percent more than the same period of 1982. Color television sets were in even greater demand. Motor-cycles and trucks were bought by peasants in some economically developed rural areas to handle the growing amount of products they had for sale.

In the past year people have become more fashion conscious. Sales of well-tailored garments made of good quality synthetic fiber fabrics, woolens and down-padded jackets increased by great margins. 740 million more meters of polyester blends were sold in the first 11 months of last year than in the corresponding period of 1982. The rural market for ready-made clothing had become brisker than ever as more and more people chose to buy instead of making their own clothes. Sales of ready-made clothes in the cities of Hunan and Hubei Provinces by state commercial enterprises shot up 26 percent in the first six months compared with the corresponding period a year ago.

While confirming the excellent market situation, Commerce Ministry officials pointed out that some urgently needed items, especially well-known brands, still fell short of demand last year and that there were also quite a few unsalable items. Commercial departments should make joint efforts with industrial departments to produce and supply more and better goods to consumers, they said.

#### RADIO SPARK SAYS HU QILI TO SUCCEED HU YAOBANG

OW091101 (Clandestine) Radio Spark in Mandarin to China 0900 GMT 8 Jan 84

[Text] Young comrades: In a country in which the people are its true masters, all state leaders are elected by the people.

The ruler designated his successor only in the times of feudal dynasties. A ruler may designate his successor on the basis of democracy and legality, but this practice is extremely reactionary, backward and retrogressive and is against the will of the people.

Our party and state leader Comrade Hu Yaobang visited Japan this year [as heard]. During his talks with Japanese Prime Minister Yasuhiro Nakasone on 26 November, Comrade Hu Yaobang forgot himself in his excitement and talked so irresponsibly as to designate Hu Qili as his successor, showing no consideration for world trends and the image of the party discipline and the law of the state.

As we know, Comrade Mao Zedong designated his successor twice. He first designated Liu Shaoqi as his successor. However, Liu Shaoqi incurred Comrade Mao Zedong's great resentment by seeking the limelight and being too aggressive in word and deed. Chairman Mao then used the guns in Lin Biao's hands and instigated the Red Guards to discredit Liu Shaoqi and strike him down. Liu Shaoqi was jailed and finally froze to death in a Kaifeng prison. Then, Comrade Mao Zedong designated Lin Biao as his successor. He not only orally designated Lin Biao as his successor but also had an explicit clause included in the PRC Constitution that Lin Biao was deputy commander in chief of the party and the army and Chairman Mao's close comrade-in-arms and successor. Before long, however, Lin Biao likewise had his body smashed to pieces and his family ruined. People have since trembled with fear at the thought of being designated as successor. This is because Liu Shaoqi was reduced from the successor to a traitor, renegade and scab; and Lin Biao was reduced from successor to a big traitor having illicit relations with a foreign country.

Prompted by a sudden impulse, Comrade Hu Yaobang recently talked glibly about building a contingent of so-called third-echelon cadres. It sounds like he is already a second-echelon leader and certainly considers himself to be Comrade Deng Xiaoping's successor. [Words indistinct] Thus, Hu Yaobang is even more impudent than Liu Shaoqi and Lin Biao. It is true that Liu Shaoqi and Lin Biao each were eager to be Comrade Mao Zedong's successor, but they did not say so themselves until their deaths. However, Comrade Hu Yaobang now has openly adopted a pose of forcing the emperor to abdicate even before Comrade Deng Xiaoping breathes his last. He has even gone further in this regard by attempting to build a contingent of third-echelon cadres and to make arrangements for his own successor. This is ridiculous enough to make people laugh their heads off.

Because people do not recognize Comrade Hu Yaobang as Comrade Deng Xiaoping's true successor, no one wants to be a third-echelon cadre and to be Hu Yaobang's successor. Moreover, both Liu Shaoqi and Lin Biao died violent deaths -- the two designated successors came to no good end. Who cares to be (?Hu Yaobang's successor)?

It seems that Comrade Hu Yaobang cannot satisfy his own desire by building a contingent of third-echelon cadres and making arrangements for his own successor. He went to Japan and talked glibly with Japanese devils about the question of his successor. He even publicly mentioned Hu Qili as his successor. We wonder if Hu Qili is too excited or too frightened to sleep after learning of this. In our opinion, from now on Hu Qili may well be dragged into troubled waters. Once the political situation changes, will Hu Yaobang and Hu Qili be able to avoid following in the footsteps of Liu Shaoqi and Lin Biao?

As everyone well knows, the party is the people's party, the country is the people's country and the world is the people's world.

Only those who cherish the people and who enjoy the love and esteem of the people are qualified to be party and state leaders. Honestly speaking, it is not difficult to find comrades in our party who are really qualified to be party and state leaders. The problem is, Comrade Deng Xiaoping is so old and confused that he has, instead of looking for a qualified person, selected an incompetent person from his faction to lead our party. In the past 2 years, Comrade Hu Yaobang has failed to treasure his hard-won leading position -- he has often talked nonesense and acted recklessly, thus damaging the image of the party. Internationally, he provided people with a handle to attack our party and our state. He has exposed the dark aspect of our nation before the masses. By so doing, he has directly caused party member-cadres to flee to Taiwan or to openly betray the party while staying abroad. This makes foreigners always laugh at us.

To restore the image of the party and enable the masses of people to regain their faith in the party and communism, we suggest that Comrade Deng Xiaoping lecture Comrade Hu Yaobang at least 1 hour a day and teach him what to say on what occasion. This will increase Hu Yaobang's knowledge and improve his qualities. [Words indistinct] only thus will our party and state have a bright future.

#### RADIO SPARK ON EXECUTION OF ZHU DE'S GRANDSON

OW100315 (Clandestine) Radio Spark in Mandarin to China 0900 GMT 9 Jan 84

[Text] Comrades, young friends: Amid cries to try criminal offenders promptly and harshly, word leaked out from Beijing since mid-October that Zhu Guohua, grandson of Zhu De, revolutionary of the older generation, had been executed by a firing squad in Tianjin in September. It was said that he had been accused of being the leader of a band of hoodlums engaged in stealing, robbery and rape. Foreign reporters in Beijing published the story in newspapers all over the world.

The rumor that Zhu De's grandson, Zhu Guohua, had been executed drew differing reactions from cadres and the masses. Some half-believed the story. Some were skeptical about it. Some did not believe it at all. Some said: If it is true that Zhu Guohua was executed, it is because he no longer had somebody to back him up. If Zhu De were still alive, would Deng Xiaoping dare to kill his grandson? Others said that the execution of Zhu De's grandson, Zhu Guohua, was a rumor spread intentionally by those in power for consumption by foreigners in order to create a false appearance of rule by law.

What is the truth after all? The Ministry of Foreign Affairs has neither confirmed it to foreign reporters nor given an account of it to the masses. Recently, word about it came again from high-ranking cadres in Beijing. It turned out that the report on the execution of Zhu De's grandson, Zhu Guohua, was a falsehood. It was said that the execution of Zhu Guohua was a big hoax, that the person actually executed was not Zhu Guohua, but someone seized to die in his name, and that now Zhu Guohua was assumed another identity with falsified records and is living somewhere else.

According to sources among senior cadres at the central level files on direct relatives of cadres who participated in the Long March are kept by the CPC Central Committee and are not available to any government organization. Without a decision of the CPC Central Committee, none of these people can be sentenced to death no matter what serious crimes they may commit.

Obviously, by intentionally spreading through the grapevine the news that even Zhu Guohua, Zhu De's grandson, had been executed for his crime, the ruling clique was trying to create a false appearance of rule by law, under which a prince, if he breaks the law, will be punished like any common man.

It was also intended to serve as a warning to children of other senior cadres, to deceive the masses, and to defend the indiscriminate arrests and executions of the masses and youths by the ruling clique. Thus, if the masses of the people and youths strongly objected to the ruling clique's wanton fascist killings, the executioners would say: Even Zhu De's grandson was executed, and what is so special about a common criminal? This is the reason why the ruling clique neither admitted nor denied Zhu Guohua's execution, but kept it a closely guarded secret.

It comes as no surprise that children of senior cadres run amok and perpetrate crimes. As early as 1974 a big-character poster by Li Yizhe pointed out: "Frequently some leaders extended political and economic privileges to benefit their families, relatives, and friends without limit. They even resort to such methods as exchanging privileges or going by the back door to enable their children to virtually inherit their political and economic privileges. Having violated law and discipline, they are protected by their feudal privileges. As an old saying goes, a high official is not to be punished by the law." Thus the big-character poster asked the question: "Unless we oppose the feudal principle that nobody should accuse his superior, can we really implement a legal system to suppress enemies and protect the people? The Li Yizhe big-character poster also pointed out: "The social basis of capitalist roaders and careerists within the party is the result of their decadent privileges, and only under the present Chinese social conditions is it possible for the new-born bourgeoisie to exercise feudal fascist dictatorship. The present situation is exactly like that in the summer of 1968. The socialist legal system does not work at all while political power is used effectively as a means of suppression. In many places people are arrested, suppressed, and jailed on false charges. Crimes, whether they are serious or minor, may be punished by death. Measures of dealing with criminal offenders are prompt and harsh, and there is no time for them to appeal or to speak in defense of themselves." Now that kind of wild lawless situation has come back again.

However, it is necessary to make a concrete analysis of the children of senior cadres. We should not deny them everything and condemn them without exception. While some senior cadres' children are indeed unruly, acting under the protection of the umbrella, of privilege, some others have broken with the privileged bureaucratic class and come to the side of the people's interests. They are joining the broad masses of revolutionary youths in struggling against privileges and for genuine democracy, human rights, and rule by law. Some of them have become backbone forces in the democratic movement.

Comrades, young friends, whether you are young workers or peasants or children of senior cadres, let us unite in the movement to win genuine democracy, human rights, and rule by and persecution of young people by those in power. Whoever suppresses and persecutes young people is the enemy of the present democratic revolution in China.

HEILONGJIANG OPENS TRAINING CLASSES FOR CADRES

SK101103 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 9 Jan 84

[Text] Party organizations at all levels across our province have opened avenues for running schools to train cadres. At present, over 239,000 cadres of different levels and different types across the province are engaged in training classes.

Our province has rich natural resources. But we failed to carry forward this superiority well over a long period of time. The main reason is that the quality of the ranks of our province's cadres does not suit the needs. In order to change this situation, all localities and departments across the province should formulate plans, take various effective measures to conscientiously solve the problems of training sites, teachers, drawing up a teaching program and funds, and carry out cadre training work.

With regard to cadre training work, our province should persist in running socialized schools, and party schools, cadre schools, colleges and universities should full bring into play their roles as mainstays.

In recent years, our province collected private funds worth over 30 million yuan for supporting some party schools and cadre schools. At present, the number of party schools and cadre schools at each level has doubled over that before 1966. Since 1981, our province successively has opened specialized courses and training classes for cadres at 14 colleges and universities, and 9 secondary vocational schools, and recruited over 1,500 students in 3 successive years. Some units jointly run schools. The specialized courses for CYL cadres and women cadres, jointly sponsored by the provincial CYL Committee, the provincial Women's Federation and Harbin Teachers College, have successively recruited three groups of students. Some 100 graduates from the training classes for CYL cadres this year have been promoted and put in important positions.

Opening schools creates convenient conditions for cadres' study. Some cadres engage in their studies through broadcasting, TV and correspondence education, basic courses and self-taught examinations and improve their professional levels.

JILIN CALLS FOR TREATING PEASANTS CORRECTLY

SK110433 Changchun Jilin Provincial Service in Mandarin 1030 GMT 10 Jan 84

[Station commentary: "Correctly Treat Peasants To Develop an Excellent Situation"]

[Excerpts] As soon the new year began, the CPC Central Committee again issued important documents on rural work and set forth some new policies which are aimed at further mobilizing the broad masses of peasants' enthusiasm to develop commodity production. Nevertheless, leaders of some localities and departments have adopted an incorrect attitude towards the extremely important issue of how to correctly treat peasants. They have not readily worked for peasants and have refused to handle some easy affairs, directly affecting the enthusiasm of peasants, and the development of the excellent situation which was not easy to achieve. Therefore, solving the present problem concerning the attitude towards peasants is the key to implementing central documents and to continuously creating a new situation in rural work. Through scores of years' of party education and the practice of the socialist revolution and construction, peasants of the 1980's are different from those before the cooperative movement. They have basically become the socialist new-type peasants and have made outstanding contributions to building socialism with Chinese characteristics. This is the basic and the most important fact since the 3d Plenary Session of the 11th CPC Central Committee

Presently, the minds of some cadres have not been emancipated enough. This has been prominently manifested in their attitude towards peasants who have become better-off first. Some people worry that polarization will occur in the rural areas. This is an imaginary and groundless fear. Actually, the difference in prosperity in the rural areas is merely an issue of becoming better-off sooner or later. It is by no means the result of a group of people expropriating the other group. Take our province's actual situation for instance. In the past, about 20 percent of the backward teams and households in the province had to rely on resold grain for food, on loans in production, and on relief in livelihood. But, they have stood up now and they have doubled their agricultural output and the average per-capita income. This year, the average per-capita income of peasants across the province may reach 400 yuan or more. This is a living fact. Therefore, cadres at all levels must affirm the achievements of peasants and protect those who have taken the lead in becoming prosperous first and must be good at guiding them to play an exemplary role in becoming rich through hard work so as to promote the progress of the rural economy as a whole and to attain the goal of common prosperity. Presently, some cadres and departments have manifested their failure in correctly treating peasants in creating shackles in the circulation links of farm and sideline produce. They even have failed to implement things which have been affirmed by policies, ignored leadership or disputed over trifles, thus, making some peasants suffer losses in the achievements which they have gained through hard work.

We must correctly treat peasants of our time, further mobilize their enthusiasm, continue to promote the lively rural economy, and consolidate and develop the excellent situation in the rural areas. The party committees and leading cadres at all levels must study again, renew their knowledge, recognize the changing rural economy anew, proceed from the demand of the large-scale development of the production of rural commodities, build socialist, modernized agriculture with Chinese characteristics, strive to upgrade work of leaders, and achieve a great change in the method of leadership and in their work style.

#### LIAONING ISSUES PARTY RECTIFICATION CIRCULAR

SK110235 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 10 Jan 84

[Text] The Liaoning Provincial Discipline Inspection Commission issued a circular today urging Communist Party members to actively abide by the party's disciplines in launching the party rectification drive.

The circular points out: Strictly enforcing the party's discipline is one of the important tasks for launching the party rectification drive. The circular puts forward the following seven demands in order to better implement the decision made by the CPC Central Committee in regard to party rectification and to ensure the smooth progress of the party rectification work.

1. Communist Party members must actively join and carry out the party rectification work in line with the demands set forth by the CPC Central Committee and the provincial CPC Committee. By no means should they perform their duty in a perfunctory manner, conduct passive resistance, spread rumor and slander, and refuse to join the drive on any pretext.
2. Communist Party members must correctly conduct criticism and self-criticism in line with the party Constitution, the guiding principles, and the CPC Central Committee's decision on party rectification. By no means should they adopt a liberalist attitude toward the drive and act indifferently to matters of principle. They are not allowed to suppress democracy, to retaliate upon others by launching an attack, and to frame up cases.

3. Communist Party members who have committed mistakes should acknowledge and earnestly examine and actively correct their mistakes. By no means should they cover up their mistakes by shirking responsibility and practicing fraud.

4. Communist Party members must consciously uphold the principle of launching the party rectification drive on the one hand and improving discovered problems on the other hand. By no means should they only conduct inspection and leave problems untouched. Neither should they oppose the rectification drive on the one hand and create factionalism on the other.

5. Communist Party members must actively join the work to purify party organizations and to wage struggle against malpractices. By no means should they conduct ceaseless criticism, and not correct ideological mistakes. Nor should they plead for mercy for wrongdoers, offer shelter for "three-category" elements and those who have committed serious mistakes.

6. Communist Party members should strictly implement the party's principles and policies, should strictly prevent the leakage of party and state top secrets, and should strictly block factionalism and the establishment of illegal ties and organizations. They should strictly block the activities of setting up a faction by drawing in some persons in order to hit out at another.

7. Communist Party members must earnestly examine themselves as to whether or not they have perpetrated problems concerning spiritual pollution and should earnestly correct their problems as long as they exist. By no means should they take any opportunity to spread various corruptive ideas of the bourgeoisie and other exploiting classes and to spread lack of confidence in socialist and communist causes and in the CPC's leadership.

In conclusion, the circular states: Communist Party members throughout the province must consciously abide by the above-mentioned demands. Leading cadres at all levels should even take the lead in consciously observing the demands and in not violating them. The party committees and the discipline inspection departments should perform their duty and conduct their work successfully and should grasp the situation as much as possible, in which the party's disciplines are or are not effectively enforced. Those cases that have violated discipline should be properly punished or dealt with in line with the seriousness of the mistakes.

#### LIAONING URGES STRUGGLE AGAINST ECONOMIC CRIMES

SK110503 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 10 Jan 84

[Station commentary: "It Is Necessary To Continuously Deepen the Struggle Against Economic Crimes"]

[Text] During the past period of a little more than a year, various cities and prefectures across Liaoning Province have scored marked achievements in dealing blows to serious economic crimes. By making concerted efforts and fostering coordination, the departments of public security, procuratorate, and judiciary have exposed a large number of criminal cases, resulting in strictly dealing blows to economic crimes and vigorously blocking the malpractices cropping up in the economic circle.

However, the struggle against economic crimes has not been very even. In some localities and units the idea of slackness and being weary of struggle has appeared because they are content with their achievements, resulting in the stagnancy of the struggle. Some units have not even begun their struggle yet and are full of areas still untouched by the struggle.

In particular, a situation prevailing in ferreting out crimes and dealing with criminal cases has taken place, in which some localities open up cases, unwillingly place cases on file for investigation and prosecution, unwillingly bring about verdicts to cases that deserve to be judged, lightly penalize those who deserve to be heavily punished, and adopt ineffective measures for dealing blows to economic crimes. Thus, economic crimes have again gained ground, such as, of the 28 criminals who were sentenced today by the Shenyang City Intermediate People's Court, 20 had committed crimes after launching the struggle against economic crimes.

We have clearly discerned the fact exposed by criminal cases in which serious economic crimes have a thousand and one links with the malpractices stemming in the party. This is also an important reason for these convicts to commit crimes. Some party members and leading cadres do not stress the party's principles in doing things in order to seek private gains, forget their obligation while seeking profits, and have become the shelter of most economic criminals. Some of them have even committed crimes themselves, such as a few leading cadres who have violated the financial and economic disciplines and the personnel system by arbitrarily approving appointments and offering illegal documents. Some departments have shifted their responsibility onto others while encountering problems and have not been responsible for criminal cases. All of this has provided a favorable opportunity for unlawful elements and is an important problem that should be earnestly dealt with in launching the party rectification drive.

Facts have shown that the struggle against economic crimes is a large-scale political struggle. Economic criminals as well as general criminals who have seriously endangered public security are all hostile elements against socialism, who are able to bring extremely great damage to the program of building the four modernizations. Therefore, by no means shall we be softhearted toward the struggle against them.

#### LIAONING WORKER EXECUTED FOR GOLD THEFT

OW101236 Beijing XINHUA in English 1217 GMT 10 Jan 84

[Text] Shenyang, January 10 (XINHUA) -- A worker at a gold refining factory who had stolen 1,600 grams of gold and 43,000 grams of silver with his accomplices, was executed here today.

Ren Zijun, 27, a worker in the factory attached to the Shenyang gold production technical school, and his wife Zhang Xuguang stole from the factory more than 1,600 grams of 99.9 percent pure gold between March 1981 and April 1983.

The value of the stolen gold was approximately 25,000 yuan (about 12,500 U.S. dollars) at the official rate. Ren sold the gold to smugglers in Shenyang, Wuhan and Guangzhou for about 35,000 yuan. He had already received 20,000 yuan at the time of arrest.

The silver stolen by Ren and a co-worker, Sha Yujin, was worth 8,600 yuan.

After conviction, Ren appealed to the Liaoning Provincial Higher People's Court but his appeal was turned down.

Zhang Xuguang and Sha Yujin were sentenced to ten and five years in prison respectively.

QINGHAI'S ZHAO HAIFENG VIEWS RECTIFICATION WORK

HK080008 Xining Qinghai Provincial Service in Mandarin 1100 GMT 5 Jan 84

[Text] The provincial CPC Committee convened a party rectification work conference this morning for party and government organizations directly under the provincial authorities. Zhao Haifeng, secretary of the provincial CPC Committee, spoke at the conference on behalf of the provincial CPC Committee.

Comrade Zhao Haifeng said: Since early December last year, the party and government organizations directly under the provincial authorities have launched party rectification work in succession. At present, 55 out of 63 party and government organizations directly under the provincial authorities have conducted mobilization and are now beginning to carry out party rectification. The situation over the past month shows that the progress of the province's first-stage party rectification is smooth and healthy. However, we must also realize that party rectification work is developing unevenly. We must fully understand the arduous and complex nature of party rectification. We have to concentrate our efforts in studying various kinds of new situations and problems that will arise. We have to settle them by adopting effective measures.

Comrade Zhao Haifeng said: Organizations directly under the provincial authorities are the fundamental ones in the whole of party rectification work. They play a very important role in determining whether or not the future work of various organizations can be carried out smoothly. They will also exert an important influence on whether or not party rectification work is carried out superficially. Therefore, we must make persistent efforts in studying the documents on party rectification, and further promote in-depth development. All units must organize the study carefully, and set high standards and strict demands. On the content and method of study, they must start by reading the documents carefully and thoroughly from beginning to end, and then switch to selective reading with stress on focal points. From general discussion, they must switch to specific topic discussions that integrate theory with practice. Regarding issues that concern principles or distinctions of right and wrong in theory, they must heighten their political consciousness and unify their thinking.

Comrade Zhao Haifeng said: The practice of making corrections while rectifying, and of determinedly solving solvable problems, is an important principle running through the whole process of this party rectification. The problems that are of utmost concern and cause the most complaint among the masses at present are practices of taking advantage of one's office and working conditions to seek personal gain and engaging in unhealthy tendencies. Whether or not we can correct them plays a vital role in the image and prestige of the party. It also plays a very important role in the vital interests of the masses and their confidence in party rectification. Regarding various unhealthy tendencies of taking advantage of one's office for personal gain, we must investigate them one by one, get hold of them, and seriously deal with them. All units must listen to the opinion of the masses. They must examine if there is any typical case in their units, and deal with such cases publicly. They have to create a new situation through the practical action of correcting errors while rectifying. Party organizations and party committees of all units must treat boldness in tackling tough issues and capability to really solve outstanding problems in unhealthy party work style as an important standard for judging whether or not they have determination to avoid doing party rectification superficially.

On the work of weeding out the people of three categories, Comrade Zhao Haifeng said: At present, most of the units already have a clear idea on and are attaching great importance to the work of weeding out the people of three categories in party rectification. However, some units still do not spend enough efforts in grasping this work in practice. They issue a number of general calls but seldom do practical work. Some of them even take a wait-and-see attitude. Furthermore, a few units have done nothing in this respect. We must rapidly put an end to this situation. All units must from now on conscientiously strengthen their organization and leadership. They must first do well the work of investigation and probing as well as investigation inside and outside the units. They must adopt the method of investigating someone because of the things he did or investigating events because of the person who did it. They must be basically clear about their situation during the Cultural Revolution as well as their present performance. In addition, they must prepare the materials well so as to lay a foundation for the organization to deal with them. We must hold accountable those leaders who do not take action after stalling for a long time or who are irresponsible. The work of weeding out the people of three categories is work with a strong policy sense. We must adopt a determined and serious attitude toward it.

When we have difficulties in judging whether or not a person belongs to the people of three categories, we must proceed from the reality of the province, and thoroughly analyze the historical facts back to the Cultural Revolution. Then, we can make a correct judgment. For example, with the support and under the influence of Lin Biao's and the gang of four's counterrevolutionary line, some major incidents occurred in the province. Only when we check out who did these incidents, who were the ringleaders, who were the core elements, and who were the saboteurs behind the scenes can we easily come to a conclusion.

Comrade Zhao Haifeng urged in conclusion: We must strengthen our leadership, make overall plans and take all factors into consideration, so as to ensure that the work of party rectification and production will promote each other. He said: The present important task is to gradually build the leadership responsibility system on the basis of having the two leading teams and a clear division of labor. In addition, we have to translate it into action. We must overcome bureaucratism, and conscientiously improve the quality as well as efficiency of our work, so as to ensure that we can score better achievements in economic work in the new year.

At the conference, a responsible comrade of the provincial Office for Party Rectification spoke on discipline in party rectification, the assignment of liaison teams, and arrangements for study.

#### QINGHAI ISSUES 10 'DISCIPLINES' FOR RECTIFICATION

HK070714 Xining Qinghai Provincial Service in Mandarin 1100 GMT 6 Jan 84

[Text] On 4 January, the Party Rectification Work Office of the provincial CPC Committee issued 10 disciplines to be strictly observed by CPC members during the party rectification. These 10 disciplines are:

1. All CPC members must resolutely implement the decision on party rectification adopted by the CPC Central Committee and the resolution on party rectification and study plans for party rectification formulated by the provincial CPC Committee. They must proceed strictly in accordance with the basic principles, explanation on the basic tasks, basic policies, and methods advocated in the decision on party rectification. They must hold fast to the direction of the party rectification and strictly implement the policies concerned.

2. They must take an active part in party rectification and do their utmost to complete the task well. Those Communist Party members who are not able to take part in party rectification because of official business, private affairs, and sickness must request a leave of absence. They are not allowed to leave their units without authorization.
3. They must conscientiously study the decision on party rectification adopted by the CPC Central Committee and documents for party rectification in order to continuously raise their ideological consciousness and enhance their understanding of the nature, programs, and tasks of the party. They also must enhance their understanding of the criteria for party members, and the line, guiding principles, and policies of the party adopted since the 3d Plenary Session of the 11th CPC Central Committee. They must unify their thinking and keep in line with the CPC Central Committee ideologically and politically and truly implement the spirit of the decision on party rectification in the work of party rectification.
4. They must strictly observe and implement the four principles of criticism and self-criticism. They must conscientiously and correctly carry out criticism and self-criticism. They must set high demands on themselves and dare to make self-criticism sincerely, profoundly, and practically in order to correct their mistakes and shortcomings. They must consciously accept the supervision of the party and the masses. They must actively heed the criticisms of the masses. If they make mistakes, they must make self-criticism on their own initiative and correct their mistakes conscientiously.
5. They must be responsible for the party and actively strive in order to purify the party organizations. Purifying the party organizations is an important aim of the party rectification. Weeding out people of three categories is a key to purifying the party organizations. All Communist Party members must uphold the spirit of being highly responsible for the party in order to weed out people of three categories.
6. They must exercise leadership over and take part in the activities of party rectification in accordance with the principle of the decision on party rectification. They must persist in upholding the leadership of the CPC committees and leading party groups over party rectification.
7. They must implement the principle of making improvements while carrying out rectification in the entire process of party rectification. All problems which can be solved must be solved at once. A dilatory work style is not allowed. Problems which the masses have complained a lot about, such as leading cadres' malpractice of abusing power to seek private gains, severe bureaucracy, and so forth, should be solved first. Leaders must demonstrate their determination with their own practical acts. In this way, they will truly play an exemplary role.
8. They must correctly report the situation of party rectification.
9. They must shoulder the task of supervision. They must actively and conscientiously report problems occurring in the party rectification to the party organizations of the units, to CPC committees at higher levels, and to leading groups and offices in charge of party rectification in the departments concerned.
10. They must see to it that neither party rectification nor production suffer. Party-member leading cadres, in particular, must set good examples in this respect. They must have the situation well in hand. In this way, party rectification work, economic work, and other work will promote each other.

WANG ENMAO ATTENDS XINJIANG NATIONALITIES MEETING

HK101024 Urumqi Xinjiang Regional Service in Mandarin 0100 GMT 10 Jan 84

[Text] The third enlarged meeting of the committee members of the regional Nationalities Affairs Commission lasted 6 days and concluded in Urumqi yesterday. The meeting conveyed the spirit of the third enlarged meeting of the committee members of the State Nationalities Affairs Commission; discussed and adopted the work report of the regional Nationalities Affairs Commission; studied the speeches made by the leading comrades of the central authorities while they inspected Xinjiang, Qinghai, and Gansu; summed up the work of the regional Nationalities Affairs Commission over the past few years; and arranged the work and tasks for 1984.

On 8 January, leading comrades of the regional CPC Committee, the People's Congress Standing Committee, and the People's Government, including Wang Enmao, Ismail Amat, Janabil, Zhang Sixue, Ba Dai, and Tian Zhong, went to the Yanan guest house to meet the meeting representatives.

Wang Enmao, first secretary of the regional CPC Committee, delivered an important speech. Comrade Wang Enmao said: Over the past few years, under the leadership of the CPC Central Committee, CPC committees and governments at all levels, the cadres of all nationalities, and the masses have implemented the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee and have implemented the series of the central authorities' instructions on Xinjiang work. As a result, the region's production has developed very quickly, its economy has gradually thrived, people of all nationalities have achieved great unity, all work has prospered, and the situation has become better and better year after year. Now our region's political and economic situation is the best we have ever had. When Secretary General Hu Yaobang and Premier Zhao Ziyang inspected Xinjiang, they conveyed to us the central authorities' policy decision on exploiting and building Xinjiang. The time for the great economic development is fast approaching.

Comrade Wang Enmao said: The year 1983 has ended and 1984 has arrived. What will our region's situation be in 1984? Will it be better than, the same as, or slightly worse than in 1983? I can confidently tell you comrades that the situation in 1984 will surely be better than in 1983. What will it be? First, the most basic thing is that we have the correct leadership of the CPC Central Committee, the correct line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, and the series of CPC Central Committee important instructions on Xinjiang work. Second, the central authorities have formulated the principle on vigorously exploiting and building Xinjiang. Therefore, all our fraternal provinces, municipalities, and autonomous regions will vigorously support Xinjiang's economic and cultural causes to promote the development of Xinjiang's economic and cultural causes. Third, our region's current situation is very good. The unity of nationalities has been strengthened gradually, the political situation is stable, and there is a very good foundation for economic construction. On the basis of this good foundation, as long as we further do our work well, our region's political and economic situation this year will surely be better than last year.

Comrade Wang Enmao said: In the year ahead, CPC committees and governments at all levels must endeavor to do the following three work tasks well:

1. It is necessary to correctly implement the line, principles, and policies formulated by the 3d Plenary Session of the 11th CPC Central Committee, to correctly [words indistinct], and to unite all forces which can be united.

2. It is essential to implement well the party's policy on nationalities and to strengthen the unity of nationalities so that our region will have a political situation of stability and unity and a favorable condition and foundation will be created for carrying out all work tasks.

3. It is imperative to concentrate forces to grasp economic construction well and to speed up the exploitation and building of Xinjiang. Only by developing the economy can people's livelihood be improved, can people live and work in peace and contentment, and can we achieve the great aim of quadrupling the gross output value of the national economy by the end of this century.

Ismail Amat, Ba Dai, and Tian Zhong spoke at the meeting respectively.

After study and discussion, the representatives present at the meeting went all-out, strengthened their confidence, were resolved to do well the work of the Nationalities Affairs Commission, made good preparations for building Xinjiang into an extremely important base of our country in the 21st century, and will greet the 35th anniversary of the founding of our country with outstanding achievements.

#### URUMQI PLA UNITS RECTIFY UNHEALTHY PRACTICES

HK110316 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 10 Jan 84

[Text] In the course of studying the documents on party rectification, the CPC Committee of the Urumqi PLA units concentrated on rectifying four issues on which the masses had a lot of complaints. The four issues were:

1. Rectify unhealthy practices in housing. Of the 107 leading cadres who occupied two houses, 97 cadres have returned the houses they occupied above their entitlement. Most of the cadres whose housing space exceeded the stipulated standard or who were behind in rent payments have paid the outstanding rent.

2. Resolutely put a stop to the practice of excessive eating and drinking. When leading cadres go down to the grassroots level, it is impermissible to entertain them with sumptuous feasts under any pretexts.

3. Last year, the higher authorities allocated a number of inexpensive color TV sets to unit companies. Taking advantage of their functions and powers, some cadres purchased 53 TV sets. The CPC Committee of the Urumqi PLA units decided that all those cadres who had purchased the TV sets should pay for the price difference according to the market price.

4. Encourage all cadres in the organs of the units to offer advice and to adopt vigorous measures to conscientiously improve the styles of writing and meeting.

'TAIWAN KMT' SPY ARRESTED IN XIAMEN

HK100546 Beijing ZHONGGUO XINWEN SHE in Chinese 0245 GMT 8 Jan 84

[Report: "Xiamen Cracks a Taiwan KMT Special Agent Case" -- ZHONGGUO XINWEN SHE headline]

[Text] Xiamen, 8 Jan (ZHONGGUO XINWEN SHE) -- Recently, the Xiamen public security organs cracked a Taiwan KMT special agent case. Special agent Liu Xinrong [0491 8590 2837] has been arrested according to law. Liu Xinrong, nicknamed Liu Xinrong [0491 2450 2837] and Liu Bozhou [0491 0130 0719], is 53 years old. His native place is Yunfu County, Guangdong Province. When he was in Hong Kong, criminal Liu joined a Taiwan KMT special agent organization called "Mainland Work Association" [da lu gong zuo hui 1129, 7120, 1562, 0155, 2585]. After undergoing training given by an espionage agency, he was assigned to a mission. He received special agent funds. At the end of August last year, he sneaked into Xiamen and carried out espionage activities under the pretext of studying traditional Chinese medicine. He collected extensive information on China's politics, economy, society, and culture. Using goods as a lure, criminal Liu tried to form a special agent organization in Xiamen.

With the help rendered by the masses and after meticulous investigation, the Xiamen city public security organs ferreted out Liu's criminal activities and obtained proven evidence. On the eve of the new year, criminal Liu was arrested by public security organs while he was intending to slip back to Hong Kong. Criminal Liu made a confession of all of his criminal activities.

SHAANXI FORUM CONDEMS U.S. ACTION ON TAIWAN

HK051506 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 5 Jan 84

[Text] Yesterday morning, the provincial CPPCC Committee held a forum to study and discuss Deng Yingchao's speech at the new year tea party of the CPPCC National Committee. Attending the forum were responsible persons of the provincial CPPCC Committee, the United Front Work Department of the provincial CPC committee, and all democratic parties; democratic personages without party affiliation; Taiwan compatriots; and family members of Taiwan compatriots, totaling over 20 people. Li Xipu, secretary of the provincial CPC Committee, attended the forum and spoke. The responsible persons of all democratic parties spoke at the forum one after another.

They strongly condemned the U.S. hegemonist actions of interfering in the Chinese internal affairs concerning the Taiwan issue. They hoped that the Taiwan authorities would conform to the historical trend of the times and would achieve a third cooperation between the KMT and the Communist Party.

Lu Jianren, chairman of the provincial CPPCC Committee, said: The grave of Emperor Xuanyuan is in Shaanxi. It is hoped that the Taiwan compatriots, particularly compatriots who have gone to Taiwan and whose hometown is Shaanxi, and also Overseas Chinese abroad, will come to Shaanxi around the Qingming Festival to pay respects to our ancestor. We will surely and warmly receive you.

XINHUA OFFICIAL DISCUSSES HONG KONG PLANS

BK110900 Hong Kong AFP in English 0835 GMT 11 Jan 84

[Text] Hong Kong, Jan 11 (AFP) -- Hong Kong will be able to keep its currency, laws, expatriate civil servants, various freedoms, and a half-century more of its capitalist system under Chinese rule, says Beijing's top representative here.

The statements by Xu Jiatun, director of the local office of the NEW CHINA NEWS AGENCY, were seen as one of the most detailed outlines of China's plans for the British colony where it aims to reassert sovereignty in 13 years. Mr Xu, whose remarks were given banner play in the local press, told a meeting of local academics yesterday that China's Communist Party and State Council had come up with "long-term strategic policies" for Hong Kong.

"It is because of this that we have decided that after sovereignty over Hong Kong is recovered after 1997, Hong Kong's existing capitalist system will be maintained for 50 years," Mr Xu said.

His statements to staff and alumni of the University of Hong Kong came as China and Britain were set to resume confidential negotiations January 25 on the future of the colony after London's 99-year lease on most of the territory expires in 1997.

Among the points made by Mr Xu:

-- Hong Kong will become a special administrative region of China run by local people under a miniconstitution drafted with input from among the territory's 5.3 million residents, 98 percent of whom are Chinese.

-- It could continue to employ expatriate civil servants in various departments and on the police force. As to expatriate senior officials after 1997, "that will be decided by the government at the time."

-- Hong Kong's position as a free port and international financial center would be maintained, with retention of the local dollar convertible to other currencies. The socio-economic structure would be unchanged.

-- The economic interests of Britain and other countries would be taken into consideration and the new government could maintain economic and cultural ties with foreign states as well as related international organizations.

-- Hong Kong's laws would be "basically unchanged" and it would have an independent local judiciary with a final court of appeals. Law and order would be a local responsibility.

-- Freedom of speech, press, assembly, association, communication, and movement in and out of the territory would be retained. Hong Kong would have its own entry and exist visas and travel documents.

-- Beijing would incorporate its policy of noninterference in Hong Kong's miniconstitution and the relations between China and Hong Kong would be one of "leading and being led."

JI PENGFEI EXPLAINS VOTING RIGHTS AFTER 1997

HK070204 Hong Kong SOUTH CHINA MORNING POST in English 7 Jan 84 p 1

[Report by Daniel Chung]

[Text] Most ethnic Chinese Hong Kong residents will enjoy the right to vote and to stand for election in both the territory and mainland China after 1997.

Mr Ji Pengfei, head of China's Hong Kong and Macao Office, said this on Thursday to a professor of the Chinese University of Hong Kong.

Prof Mun Kin-chok [Min Chien-shu] dean of the university's business administration department, told the SCM Post in a long-distance telephone interview that Mr Ji had said residents of post-1997 Hong Kong will be classified into three categories, with different voting rights. He said the first category referred to Chinese residents currently holding a Hong Kong identity card or Hong Kong-British passport. According to Mr Ji, they will have the right to vote and to be voted for in Hong Kong and in mainland China.

Prof Mun said Mr Ji had remarked that an overwhelming majority of Hong Kong residents belong to this category. Chinese residents holding passports issued by foreign countries fall into the second category, with the right to vote in Hong Kong but not to stand for election, Prof Mun quoted Mr Ji as saying. The third category applies to expatriate Hong Kong residents, and Mr Ji described this as a relatively complex issue and did not give details, according to Prof Mun.

Prof Mun was invited by China's Department of Mechanical Industry to discuss the training of people in the international trading field. He will return to Hong Kong today. During the meeting with Mr Ji, Prof Mun was told that Hong Kong's currency will remain convertible after 1997. Mr Ji said the colonial crest will have to be removed but the denominations and the value of the currency will be determined by the then Hong Kong Government.

He said Hong Kong will enjoy a high degree of autonomy after 1997, although the relationship between the central Government and the Hong Kong Government will be "one of leading and being led." China does not intend to interfere in Hong Kong's "fundamental law" after the takeover, Mr Ji said.

According to Prof Mun, Mr Ji stressed that the "fundamental law" will be drafted carefully and will take a long time. "He said some Hong Kong people will be invited to discuss the drafting when the time is ripe," Prof Mun said. "Mr Ji said community organisations and newspapers of different political beliefs can continue to operate as long as they do not breach Hong Kong legislation."

Prof Mun quoted Mr Ji as saying that China will not intervene with the future Hong Kong administrator, chosen through consultation with community organisations, even pro-Taiwan or Pro-Britain ones. Mr Ji also repeated China's assurances that present legislation in Hong Kong will be preserved, that Hong Kong will have the right to issue passports and citizens will have the freedom to travel, and that the territory will have the right to sign trade agreements with other countries and have separate trade quotas from China's.

#### Further Ji Pengfei Remarks

HK090211 Hong Kong TA KUNG PAO in Chinese 8 Jan 84 p 1

[Report: "Professor Min Chien-shu, on Returning to Hong Kong, Reveals Contents of Ji Pengfei's Remarks"]

[Text] Today (the 7th), Professor Min Chien-shu, dean of the Business Administration Department of the Chinese University of Hong Kong, returned to Hong Kong from Beijing. In an interview with a reporter of this newspaper, he told the reporter that at a meeting with Ji Pengfei, state councillor and director of the office in charge of Hong Kong and Macao, Ji Pengfei revealed that in the future, residents of Hong Kong would be classified into three categories and that because of the need to be cautious in formulating the fundamental laws for the Hong Kong special administrative zone, they would not be promulgated in a short time.

On 5 January, at a cordial meeting with Ji Pengfei, which lasted more than 1 hour, Min Chien-shu raised many questions which Ji Pengfei answered in detail. What the questions and answers were about are revealed by Min Chien-shu as follows:

**Question:** In what way will the members of the legislative assembly of the Hong Kong residents' government -- that is, something parallel to the present executive and legislative council members -- be elected in the future?

**Answer:** We can adopt the "3-3 system," that is, one-third of the members incline toward the Beijing government, another one-third incline toward Britain, and the remaining one-third take a neutral stand. In this way, different views held by people from various quarters will be given expression and the situation will be quite balanced.

**Question:** How would Hong Kong people be defined?

**Answer:** Hong Kong people will be classified into three categories: 1) The Hong Kong people who constitute 95 percent, that is, the overwhelming majority, of the population fall into the first category. At present, they are holders of Hong Kong passports (editor's note: Hong Kong-British passports) or certificates of identity. In the future, they will be both Hong Kong residents and Chinese citizens. They will enjoy the right to vote and to stand for election. This right can also be exercised in the mainland and they can stand for election in China. 2) If Chinese residents holding passports issued by foreign countries, after being naturalized as citizens of those countries, have lived and worked in Hong Kong for a long time they will the right to vote but not to stand for election. 3) The expatriate Hong Kong residents will not have the right to vote or to stand for election. However, their children can choose to be Hong Kong citizens if they were born in Hong Kong.

**Question:** When will the constitution of the special administration zone be promulgated?

**Answer:** It is necessary to be cautious in formulating the fundamental law for the Hong Kong Special Administration Zone because once it is decided upon, it will become the ultimate basis for doing things and it will not be easily and frequently changed. Thus, it is necessary to study the problem carefully. There will be a committee responsible for formulating the fundamental law and representatives of Hong Kong people will be invited to be members of the committee. Thus, the fundamental law will not be promulgated in the near future.

**Question:** How is the currency of the special administration zone to be issued?

**Answer:** The Hong Kong dollar will continue to be used. As for the question of how much and in what way it will be issued, we will let the government of the Hong Kong people decide in the future. At first, it should be issued by the Hong Kong and Shanghai Banking Corporation and the Chartered Bank. However, the crest on the bank notes and coins should not exist any longer.

**Question:** Will the articles and provisions of the law be changed?

**Answer:** The laws currently in effect will continue to be used in the future. However, only inappropriate wording, such as "Her Majesty the Queen of Britain," will be removed.

Question: What will the relationship between the Hong Kong Government and the central government be like in the future?

Answer: In the future, the government of Hong Kong people will be one which enjoys a high degree of autonomy and its relationship with the central government will be that between local governments and the central government. The central government is to be responsible for its military and diplomatic affairs. The Hong Kong Government will continue to be an independent member of international economic organization. It will have separate export quotas. In addition, it will have the right to sign trade agreements with foreign countries.

Question: What kind of passport will Hong Kong people hold when they go to other places?

Answer: In the future, the words "China-Hong Kong" will be printed on the passport, Hong Kong people with this kind of passport will be free to leave or enter Hong Kong without being restricted by China's passport regulations.

Question: At present, there are in Hong Kong newspapers and people who hold different political views. Can they exist after 1997?

Answer: As long as their statements and deeds are within the limits prescribed by Hong Kong's laws, they should be able to continue to exist.

Question: Post-1997 Hong Kong is to continue to practice capitalism, with a social system and way of life different from those in the mainland. Will this make the compatriots in the mainland unhappy, or will they ask that this situation be changed?

Answer: The central authorities will let Hong Kong become a special administration zone for the sake of the country's modernizations. We will explain to the people of the whole country why we do this. To maintain capitalism in a small place is beneficial to the socialism in the whole country.

At the meeting, Min Chien-shu also discussed the problem of Hong Kong's civil servants and police force with Ji Pengfei and Li Hou, deputy director of the office in charge of Hong Kong and Macao, who was also present.

#### PRC WRITERS SAID TO BE PENALIZED, CRITICIZED

HK090852 Hong Kong CHENG MING in Chinese No 75, 1 Jan 84 p 8

[Article by Mu Feng: "Dai Houying Suspended From Duty; Bai Hua Reportedly Advised to Leave Party"]

[Text] Dai Houying, lecturer at Fudan University in Shanghai, has violently shaken Chinese cultural circles for writing "Man! Oh, Man!" a novel depicting the restoration of human nature. The publication of "Man! Oh, Man!" has not only caused a sensation throughout the country, but has also aroused the attention of overseas cultural circles. Dai Houying first raises the social problem of the value of "man" in society on the Chinese mainland and then exposes that man's value reached its lowest in the catastrophe of the "Cultural Revolution."

In the movement of "eliminating spiritual pollution," the novel has undoubtedly been classified by some people as a target to be "attacked."

Since some big shots of the CPC called for criticizing "Man! Oh, Man!" it has become a best seller on Chinese mainland. Then, where is Dai Houying now?

At the invitation of the "Huacheng" publishing house of Guangzhou, Dai Houying went to Guangzhou in early November 1983 to revise her newest novel. She obtained the approval of Fudan University to leave Shanghai, but when some relevant departments in Shanghai learned that Dai Houying, the target to be criticized, had left Shanghai, they immediately sent an urgent cable to Guangzhou, ordering her to return to Shanghai.

Dai Houying ignored the urgent cable, which annoyed some people in Shanghai. They reported this to the central leadership and finally the central leadership asked Dai Houying to return to Shanghai.

It was under such circumstances that Dai Houying came back to Shanghai. Subsequently, one department of the Shanghai Municipal CPC Committee demanded that the CPC committee of Fudan University make a decision to terminate Dai Houying's teaching assignment.

Dai Houying is a young female writer who has aroused attention both at home and abroad but her salary is only 70 yuan per month. Due to many social functions, she sometimes has no money to buy noodles. Where is the value of man? Is it "retaliation" against her for depicting the value of man?

In the movement of "eliminating spiritual pollution," the historical drama "King Wu's Shining Spear and King Yue's Sword" has been criticized. The author of the drama is none other than Bai Hua, the author of "Unrequited Love."

News circulating recently among the cultural circles says that Bai Hua might quit the party. Reportedly, it was due to his "lack of confidence" in communism that somebody advised him to quit the party. If a party member has no confidence in the "doctrine" of the party, the best thing to do is, of course, to quit the party. The news of Bai Hua's withdrawal from the party is but hearsay which has not yet been confirmed. But the circulation of the news at least indicates that Bai Hua has been under fierce pressure.

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